



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 81st CONGRESS, SECOND SESSION

SENATE

WEDNESDAY, JUNE 14, 1950

(Legislative day of Wednesday, June 7, 1950)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father, again through sleep and darkness safely brought, restored to life and power and thought, we face a new day. Wilt Thou lift our duty above drudgery. Make us patient and considerate one with another in the fret and jar of human contacts, remembering that even in the glare of public gaze each fights a hard battle and walks a lonely way. Help us to make public life a pursuit of the best, and, casting aside all counsels of despair, press on with buoyant feet, firm in the faith that for ourselves, our Nation, and the world, the best is yet to be. Give us, O Master divine, a reverence for truth, a deep desire to think and speak and act truly, and a passion to hasten the day when the rule of justice and love shall engirdle the earth. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. GEORGE, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, June 13, 1950, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its reading clerks, announced that the House had passed the bill (S. 3181) to extend the Housing and Rent Act of 1947, as amended, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 7477) providing for the conveyance to the town of Nahant, Mass., of the Fort Ruckman Military Reservation; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. DAWSON, Mr. BONNER, and Mr. RICH were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 1769) to reimburse the Stebbins Construction Co., and it was signed by the Vice President.

XCVI—540

LEAVE OF ABSENCE

On request of Mr. GEORGE, and by unanimous consent, Mr. JOHNSTON of South Carolina was excused from attendance on the sessions of the Senate for an indefinite period.

MEETING OF COMMITTEE DURING SENATE SESSION

On request of Mr. JOHNSON of Colorado, and by unanimous consent, the Committee on Interstate and Foreign Commerce was authorized to hold a hearing tomorrow at 2 o'clock, during the session of the Senate, for the purpose of considering nominations sent to the committee by the President.

CALL OF THE ROLL

Mr. GEORGE. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Alken	Hendrickson	Malone
Benton	Hickenlooper	Martin
Brewster	Hill	Maybank
Bricker	Hoey	Millikin
Bridges	Holland	Mundt
Butler	Humphrey	Murray
Byrd	Hunt	Neely
Cain	Ives	O'Mahoney
Capehart	Jenner	Pepper
Chapman	Johnson, Colo.	Robertson
Chavez	Kefauver	Russell
Cordon	Kerr	Saltonstall
Darby	Kilgore	Schoeppel
Donnell	Langer	Smith, Maine
Dworshak	Leahy	Smith, N. J.
Eastland	Lehman	Sparkman
Eaton	Lodge	Stennis
Ellender	Lucas	Taft
Ferguson	McCarran	Thomas, Utah
Flanders	McCarthy	Thye
Fulbright	McClellan	Tydings
George	McFarland	Watkins
Gillette	McKellar	Wherry
Green	McMahon	Williams
Gurney	Magnuson	Withers
Hayden		Young

Mr. LUCAS. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Louisiana [Mr. LONG], the Senator from Idaho [Mr. TAYLOR], and the Senator from Oklahoma [Mr. THOMAS] are absent by leave of the Senate.

The Senator from Texas [Mr. CONNALLY] and the Senator from Delaware [Mr. FREAR] are absent on official business.

The Senator from Illinois [Mr. DOUGLAS], the Senator from North Carolina [Mr. GRAHAM], and the Senator from Pennsylvania [Mr. MYERS] are absent on public business.

The Senator from California [Mr. DOWNEY] and the Senator from Texas [Mr. JOHNSON] are absent because of illness.

The Senator from Maryland [Mr. O'CONNOR] is absent by leave of the Senate on official business, attending the sessions of the International Labor Organization at Geneva, Switzerland, as a delegate representing the United States.

Mr. SALTONSTALL. I announce that the Senator from Oregon [Mr. MORSE], the Senator from New Hampshire [Mr. TOBEY], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Wisconsin [Mr. WILEY] are absent by leave of the Senate.

The Senator from California [Mr. KNOWLAND] is necessarily absent.

The VICE PRESIDENT. A quorum is present.

SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

Mr. GEORGE. Mr. President, it would accommodate the committee in the consideration of the bill if Senators who have amendments to offer would, as soon as they can have them prepared, submit them to the Senate. If that is done, we will get a better idea of the length of time that may be required on the bill. I am merely making this as a suggestion.

Mr. LUCAS. Mr. President, before the Senator from Georgia takes his seat, I should like to advise him of a fact which he perhaps knows. The Senator from Colorado [Mr. MILLIKIN] advised me this morning that he was under the impression that the Senator from Georgia would leave for his home in Georgia today. I told him that was incorrect, that the Senator would probably leave tonight, that he would be present in the Senate today.

Mr. GEORGE. I shall be here today and tomorrow. I shall not leave until tomorrow night, and I shall be back Monday. I thought that if the debate went on through Friday I could ask some other members of the committee to look after the bill.

Mr. LUCAS. I desired to advise the Senator with respect to the conversation I had with the Senator from Colorado, who indicated that he would be willing today to enter into a unanimous-consent agreement to vote on the bill and all amendments starting on either Monday or Tuesday next.

Mr. GEORGE. We are working on the problem now with the distinguished junior Senator from Nebraska [Mr.

8569

WHERRY], and we may have a proposal to make at a very early hour today.

Mr. LUCAS. I was not sure that the Senator had seen the Senator from Colorado; that was why I raised the question.

Mr. President, I desire to make a further statement.

The VICE PRESIDENT. The Senator from Illinois has the floor.

LEGISLATIVE PROGRAM

Mr. LUCAS. Mr. President, I wish to make a statement with respect to what happened yesterday before the Democratic policy committee, in order that all Senators may know in advance what the program will be.

The policy committee unanimously agreed that, following the disposition of H. R. 6000, the Senate would be asked to proceed to the consideration of House bill 6826, an act to provide for the common defense through the registration and classification of certain male persons, and for other purposes. It is the bill extending the draft, which has been reported favorably by the Committee on Armed Services.

I am not sure how long the consideration of that bill will take, but it will probably be 2 or 3 days. However, that measure will be the unfinished business following the disposition of the social-security bill.

It is my hope that by the time we dispose of the draft bill the Committee on Foreign Relations will have reported the bill dealing with the military-assistance program, and probably that bill will follow the disposition of the extension-of-the-draft measure.

I should also like to announce to the Senate that on the 10th day of July a motion will be made to proceed to the consideration of the Fair Employment Practice Commission bill. On the same day, in view of the fact that we had debate of about a week on the measure, we will also file a petition for cloture, which, under the rules of the Senate, will bring about a vote on cloture on Wednesday, July 12.

I trust that all Senators will make note of those two dates, especially the date of July 12, in order that they may be present, and we may get all the votes possible, with the hope that 64 affirmative votes may be recorded at that time on the motion for cloture.

TRANSACTION OF ROUTINE BUSINESS

The VICE PRESIDENT. Does the Senator wish to have routine matters considered at this time?

Mr. LUCAS. Mr. President, I ask unanimous consent that Senators be permitted to submit petitions and memorials, introduce bills and joint resolutions, and present matters for the Record, without debate and without speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

GALLUP-DURANGO HIGHWAY AND GALLUP-WINDOW ROCK HIGHWAY AT NAVAJO INDIAN RESERVATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Interior, transmitting a draft of proposed legislation to repeal certain legislation relating to the Gallup-Durango Highway and the Gallup-Window Rock Highway at the Navajo Indian Reservation, which, with the accompanying paper, was referred to the Committee on Interior and Insular Affairs.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. MAGNUSON, from the Committee on Interstate and Foreign Commerce:

S. 2484. A bill to authorize the United States Maritime Commission to provide war-risk and certain marine and liability insurance; with amendments (Rept. No. 1828);

S. 2786. A bill to amend the Merchant Marine Act, 1936, as amended, to further promote the development and maintenance of the American merchant marine, and for other purposes; with amendments (Rept. No. 1829);

S. 2801. A bill to give effect to the International Convention for the Northwest Atlantic Fisheries, signed at Washington under date of February 8, 1949, and for other purposes; with amendments (Rept. No. 1830);

S. 3109. A bill to aid the development and maintenance of American-flag shipping on the Great Lakes, and for other purposes; with amendments (Rept. No. 1831);

S. 3244. A bill to give effect to the certification of ships' cooks convention, 1946, adopted at the twenty-eighth (maritime) session of the International Labor Organization, held at Seattle, Wash., June 6-29, 1946; with amendments (Rept. No. 1832);

S. 3245. A bill to give effect to the medical examination (seafarers) convention, 1946, adopted at the twenty-eighth (maritime) session of the International Labor Organization, held at Seattle, Wash., June 6-29, 1946; without amendment (Rept. No. 1833);

S. 3246. A bill to give effect to the food and catering (ships' crews) convention, 1946, adopted at the twenty-eighth (maritime) session of the International Labor Organization, held at Seattle, Wash., June 6-29,

1946; with amendments (Rept. No. 1834); and

S. 3687. A bill to require the armed services to utilize private American shipping services for the overseas transportation of commodities and civilian personnel; with amendments (Rept. No. 1835).

ADDITIONAL REPORT OF JOINT COMMITTEE ON REDUCTION OF NONESSENTIAL FEDERAL EXPENDITURES RELATING TO PERSONNEL AND PAY

Mr. BYRD. Mr. President, as chairman of the Joint Committee on Reduction of Nonessential Federal Expenditures, I submit an additional report on civilian employment in the executive branch of the Federal Government for the month of April 1950, and in accordance with the practice of several years' standing, I request that it be printed in the body of the Record as a part of my remarks, together with a statement by me.

There being no objection, the report and statement were ordered to be printed in the Record, as follows:

FEDERAL PERSONNEL IN THE EXECUTIVE BRANCH, MARCH-APRIL 1950, AND PAY, FEBRUARY-MARCH 1950

NOTE WITH REFERENCE TO PERSONAL SERVICE EXPENDITURE FIGURES

It should be noted that the latest expenditure figures for personal service shown in table I of this report are for the month of March and that they are compared with personal service expenditure figures for the month of February, whereas the latest employment figures covered in this report are for the month of April and are compared with the month of March. This lag in personal service expenditure figures is necessary in order that actual expenditures may be reported.

(Figures in the following report are compiled from signed official personnel reports by the various agencies and departments of the Federal Government. Table I shows total personnel employed inside and outside continental United States, and pay, by agency. Table II shows personnel employed inside continental United States. Table III shows personnel employed outside continental United States. Table IV gives by agency the industrial workers employed by the Federal Government. For purposes of comparison figures for the previous month are shown in adjoining columns.)

PERSONNEL AND PAY SUMMARY

(See table I)

According to monthly personnel reports for April 1950 submitted to the Joint Committee on Reduction of Nonessential Federal Expenditures:

Agency	Civilian personnel in executive branch			Payroll (in thousands of dollars) in executive branch		
	In April numbered	In March numbered	Increase (+) or decrease (-)	In March was—	In February was—	Increase (+) or decrease (-)
Total.....	2,093,312	2,091,895	+1,417	\$572,511	\$510,174	+\$62,337
1. Agencies exclusive of National Military Establishment ¹	1,348,293	1,349,054	-761	355,173	319,358	+35,815
2. National Military Establishment.....	745,019	742,841	+2,178	217,338	190,816	+26,522
Within the National Military Establishment:						
Office of the Secretary of Defense.....	1,755	1,755	-----	748	636	+112
Department of the Army.....	300,359	298,351	+2,008	81,993	76,560	+5,433
Department of the Air Force.....	150,803	149,586	+1,217	41,531	36,971	+4,560
Department of the Navy.....	292,102	293,149	-1,047	93,066	76,649	+16,417

¹ Includes Department of Commerce employees (enumerators, supervisors, and clerks) engaged in taking the Seventeenth Decennial Census as follows: March, 145,055; April, 147,264.

Table I breaks down the above figures on employment and pay by agency.

Tables II, III, and IV break down the above employment figures to show the number inside continental United States, outside continental United States, and the

number in the so-called industrial categories. This further break-down in tables II, III, and IV does not include pay figures because payroll reports submitted to the committee by some agencies are inadequate for this purpose.

MUTUAL DEFENSE ASSISTANCE PROGRAM

Table V shows personnel counted in tables I, II, III, and IV who are assigned to the mutual defense assistance program by the State Department, Economic Cooperation Administration, and the component units of the National Military Establishment together with their pay.

TABLE I.—Consolidated table of Federal personnel inside and outside continental United States employed by the executive agencies during April 1950, and comparison with March 1950, and pay for March 1950 and comparison with February 1950

Department or agency	Pay (in thousands of dollars)				Personnel			
	February	March	Increase	Decrease	March	April	Increase	Decrease
Executive departments (except National Military Establishment):								
Agriculture.....	\$19,058	\$21,753	\$2,695	-----	75,431	77,550	2,128	-----
Commerce ¹	14,046	21,083	7,037	-----	189,215	190,747	1,532	-----
Interior.....	14,848	16,749	1,901	-----	56,285	58,206	1,921	-----
Justice.....	8,837	10,047	1,210	-----	26,203	26,185	-----	18
Labor.....	1,734	1,986	252	-----	5,516	5,326	-----	190
Post Office.....	131,085	133,461	2,376	-----	512,745	510,727	-----	2,018
State.....	6,859	7,764	905	-----	24,394	24,319	-----	75
Treasury.....	26,142	30,495	4,353	-----	91,415	90,573	-----	842
Executive Office of the President:								
White House Office.....	107	125	18	-----	261	274	13	-----
Bureau of the Budget.....	237	272	35	-----	542	539	-----	3
Executive Mansion and Grounds.....	16	17	1	-----	64	70	6	-----
National Security Council ²	9	9	-----	-----	17	17	-----	-----
National Security Resources Board.....	141	160	19	-----	304	308	4	-----
Council of Economic Advisers.....	18	20	2	-----	32	31	-----	1
Commission on Renovation of the Executive Mansion.....	2	2	-----	-----	5	5	-----	-----
Postwar agencies:								
Displaced Persons Commission.....	101	98	-----	\$3	255	255	-----	-----
Economic Cooperation Administration.....	1,580	1,556	-----	24	4,613	4,626	113	-----
Motor Carrier Claims Commission.....	9	11	2	-----	18	20	2	-----
Office of the Housing Expediter.....	1,360	1,466	106	-----	4,096	3,946	-----	150
Philippine Alien Property Administration.....	9	10	1	-----	80	79	-----	1
Philippine War Damage Commission.....	210	254	44	-----	738	707	-----	31
War Claims Commission.....	21	21	-----	-----	54	54	-----	-----
Independent agencies:								
American Battle Monuments Commission.....	44	50	6	-----	418	431	13	-----
Atomic Energy Commission.....	1,685	2,025	340	-----	4,948	4,967	19	-----
Civil Aeronautics Board.....	244	281	37	-----	635	636	1	-----
Civil Service Commission.....	1,101	1,267	166	-----	3,637	3,611	-----	26
Export-Import Bank of Washington.....	58	61	3	-----	126	127	-----	-----
Federal Communications Commission.....	473	549	76	-----	1,302	1,294	-----	8
Federal Deposit Insurance Corporation.....	366	417	51	-----	1,071	1,074	3	-----
Federal Mediation and Conciliation Service.....	176	207	31	-----	344	337	-----	7
Federal Power Commission.....	289	324	35	-----	727	725	-----	2
Federal Security Agency ³	8,808	10,109	1,301	-----	34,315	34,406	91	-----
Federal Trade Commission ⁴	267	309	42	-----	639	635	-----	4
General Accounting Office.....	2,587	2,974	387	-----	8,490	8,400	-----	90
General Services Administration.....	5,874	6,865	991	-----	22,781	22,567	-----	214
Government Printing Office.....	2,218	2,605	387	-----	7,073	7,066	-----	7
Housing and Home Finance.....	4,109	4,509	400	-----	12,816	13,019	203	-----
Indian Claims Commission.....	6	7	1	-----	10	10	-----	-----
Interstate Commerce Commission.....	783	898	115	-----	2,133	2,145	12	-----
Maritime Commission ⁵	1,589	2,029	440	-----	5,309	5,093	-----	216
National Advisory Committee for Aeronautics.....	2,230	2,565	335	-----	7,532	7,479	-----	53
National Capital Housing Authority.....	77	89	12	-----	318	316	-----	2
National Capital Park and Planning Commission.....	2	2	-----	-----	18	19	1	-----
National Capital Sesqui-centennial Commission.....	6	14	8	-----	28	35	7	-----
National Gallery of Art.....	76	89	13	-----	321	318	-----	3
National Labor Relations Board.....	541	599	58	-----	1,606	1,552	-----	54
National Mediation Board.....	48	67	19	-----	125	116	-----	9
Panama Canal.....	3,170	3,203	33	-----	20,960	20,853	-----	107
Railroad Retirement Board.....	669	763	94	-----	2,413	2,357	-----	56
Reconstruction Finance Corporation.....	1,665	1,865	180	-----	4,570	4,639	69	-----
Securities and Exchange Commission.....	412	474	62	-----	1,023	1,016	-----	7
Selective Service System.....	433	489	56	-----	3,457	3,440	-----	17
Smithsonian Institution.....	153	184	31	-----	564	565	1	-----
Tariff Commission.....	94	108	14	-----	226	227	1	-----
Tax Court of the United States.....	55	74	19	-----	126	125	-----	1
Tennessee Valley Authority.....	3,572	4,112	540	-----	12,535	13,093	558	-----
Veterans' Administration.....	49,024	57,631	8,607	-----	194,275	191,027	-----	3,248
Total, exclusive of National Military Establishment.....	319,358	355,173	35,815	27	1,349,054	1,348,293	6,699	7,460
Net change, excluding National Military Establishment.....	-----	-----	35,815	-----	-----	-----	761	-----
National Military Establishment: Office of the Secretary of Defense⁶.....								
Department of the Army:	\$636	\$748	\$112	-----	1,755	1,755	-----	-----
Inside continental United States.....	66,960	71,645	4,685	-----	256,667	259,258	2,591	-----
Outside continental United States.....	9,600	10,348	748	-----	41,684	41,101	-----	583
Department of the Air Force:	-----	-----	-----	-----	-----	-----	-----	-----
Inside continental United States.....	32,891	37,048	4,157	-----	128,570	128,930	360	-----
Outside continental United States.....	4,080	4,483	403	-----	23,016	23,873	857	-----
Department of the Navy:	-----	-----	-----	-----	-----	-----	-----	-----
Inside continental United States.....	71,273	86,520	15,247	-----	267,648	266,659	-----	989
Outside continental United States.....	5,376	6,546	1,170	-----	25,501	25,443	-----	58
Total, National Military Establishment.....	190,816	217,338	26,522	-----	742,841	745,019	3,808	1,630
Net increase, National Military Establishment.....	-----	-----	26,522	-----	-----	-----	2,178	-----
Grand total, including National Military Establishment.....	510,174	572,511	62,364	\$27	2,091,895	2,093,312	10,507	9,090
Net increase, including National Military Establishment.....	-----	-----	62,337	-----	-----	-----	1,417	-----

¹ Includes temporary employees (enumerators, supervisors, and clerks) engaged in taking the Seventeenth Decennial Census as follows: March, 145,055; April, 147,264; gross increase 2,209; net increase 1,532.

² Exclusive of personnel and pay of the Central Intelligence Agency.

³ Revised on basis of later information.

⁴ Includes personnel and pay for Howard University and the Columbia Institute for the Deaf.

⁵ Exclusive of 60 seamen and 2,041 seamen trainees on the rolls of the Maritime Commission and their pay.

⁶ Includes 14 employees assigned to North Atlantic Treaty Organization and 181 employees assigned to Munitions Board, Cataloging Agency.

TABLE II.—Federal personnel inside continental United States employed by executive agencies during April 1950 and comparison with March 1950

Department or agency	March	April	Increase	Decrease	Department or agency	March	April	Increase	Decrease
Executive departments (except National Military Establishment):					Independent agencies—Continued				
Agriculture.....	72,775	74,861	2,086		Interstate Commerce Commission.....	2,133	2,145	12	
Commerce ¹	182,703	184,551	1,848		Maritime Commission ⁴	5,294	5,085		209
Interior.....	50,635	52,185	1,550		National Advisory Committee for Aeronautics.....	7,530	7,477		53
Justice.....	25,734	25,712		22	National Capital Housing Authority.....	318	316		2
Labor.....	5,435	5,244		191	National Capital Park and Planning Commission.....	18	19	1	
Post Office.....	510,847	508,826		2,021	National Capital Sesquicentennial Commission.....	28	35	7	
State.....	8,567	8,609	42		National Gallery of Art.....	321	318		3
Treasury.....	90,651	89,801		850	National Labor Relations Board.....	1,592	1,537		55
Executive Office of the President:					National Mediation Board.....	125	116		9
White House Office.....	261	274	13		Panama Canal.....	620	621	1	
Bureau of the Budget.....	542	539		3	Railroad Retirement Board.....	2,413	2,357		56
Executive Mansion and Grounds.....	64	70	6		Reconstruction Finance Corporation.....	4,538	4,625	67	
National Security Council ²	17	17			Securities and Exchange Commission.....	1,023	1,016		7
National Security Resources Board.....	304	308	4		Selective Service System.....	3,376	3,358		18
Council of Economic Advisers.....	32	31		1	Smithsonian Institution.....	559	559		
Commission on Renovation of the Executive Mansion.....	5	5			Tariff Commission.....	226	227	1	
Postwar agencies:					Tax Court of the United States.....	126	125		1
Displaced Persons Commission.....	90	89		1	Tennessee Valley Authority.....	12,535	13,093	558	
Economic Cooperation Administration.....	1,137	1,121		16	Veterans' Administration.....	192,647	189,438		3,209
Motor Carrier Claims Commission.....	18	20	2		Total, exclusive of National Military Establishment.....	1,287,684	1,287,040	6,585	7,229
Office of the Housing Expediter.....	4,071	3,923		148	Net decrease, excluding National Military Establishment.....				644
Philippine Alien Property Administration.....	2	2			National Military Establishment:				
Philippine War Damage Commission.....	6	6			Office of the Secretary of Defense.....	1,741	1,755	14	
War Claims Commission.....	54	54			Department of the Army.....	256,667	259,258	2,591	
Independent agencies:					Department of the Air Force.....	126,570	126,930	360	
American Battle Monuments Commission.....	15	15			Department of the Navy.....	267,648	266,659		989
Atomic Energy Commission.....	4,944	4,963	19		Total National Military Establishment.....	652,626	654,602	2,965	989
Civil Aeronautics Board.....	619	620	1		Net increase, National Military Establishment.....				1,976
Civil Service Commission.....	3,632	3,606		26	Grand total including National Military Establishment.....	1,940,310	1,941,642	9,550	8,218
Export-Import Bank of Washington.....	125	126	1		Net increase, including National Military Establishment.....				1,332
Federal Communications Commission.....	1,276	1,269		7					
Federal Deposit Insurance Corporation.....	1,071	1,074	3						
Federal Mediation and Conciliation Service.....	344	337		7					
Federal Power Commission.....	727	725		2					
Federal Security Agency ³	33,821	33,984	163						
Federal Trade Commission.....	639	635		4					
General Accounting Office.....	8,490	8,400		90					
General Services Administration.....	22,742	22,531		211					
Government Printing Office.....	7,073	7,066		7					
Housing and Home Finance.....	12,764	12,964	200						
Indian Claims Commission.....	10	10							

¹ Includes temporary employees (enumerators, supervisors, and clerks) engaged in taking the Seventeenth Decennial Census as follows: March, 142,859; April, 144,990; gross increase, 2,131 (net departmental increase, 1,848).

² Exclusive of personnel of the Central Intelligence Agency.

³ Includes personnel for Howard University and the Columbia Institute for the Deaf.

⁴ Exclusive of 60 seamen and 2,041 seamen trainees on the rolls of the Maritime Commission.

TABLE III.—Federal personnel outside continental United States employed by the executive agencies during April 1950 and comparison with March 1950

Department or agency	March	April	Increase	Decrease	Department or agency	March	April	Increase	Decrease
Executive departments (except National Military Establishment):					Independent agencies—Continued				
Agriculture.....	2,656	2,698	42		National Labor Relations Board.....	14	15	1	
Commerce ¹	6,512	6,196		316	Panama Canal.....	20,340	20,232		108
Interior.....	5,650	6,021	371		Reconstruction Finance Corporation.....	12	14	2	
Justice.....	469	473	4		Selective Service System.....	81	82	1	
Labor.....	81	82	1		Smithsonian Institution.....	5	6	1	
Post Office.....	1,898	1,901	3		Veterans' Administration.....	1,628	1,589		39
State.....	15,827	15,710		117	Total, excluding National Military Establishment.....	61,370	61,253	580	607
Treasury.....	764	772	8		Net decrease, excluding National Military Establishment.....				117
Postwar agencies:					National Military Establishment:				
Displaced Persons Commission.....	165	166	1		Office of the Secretary of Defense.....	14	20	6	14
Economic Cooperation Administration.....	3,376	3,505	129		Department of the Army.....	41,684	41,101		583
Office of the Housing Expediter.....	25	23		2	Department of the Air Force.....	23,016	23,873	857	
Philippine Alien Property Administration.....	78	77		1	Department of the Navy.....	25,501	25,443		58
Philippine War Damage Commission.....	732	701		31	Total, National Military Establishment.....	90,215	90,417	557	655
Independent agencies:					Net increase, National Military Establishment.....				202
American Battle Monuments Commission.....	403	415	13		Grand total, including National Military Establishment.....	151,585	151,670	1,437	1,352
Atomic Energy Commission.....	4	4			Net increase, including National Military Establishment.....				85
Civil Aeronautics Board.....	16	16							
Civil Service Commission.....	5	5							
Export-Import Bank of Washington.....	1	1							
Federal Communications Commission.....	26	25		1					
Federal Security Agency.....	494	422		72					
General Services Administration.....	39	36		3					
Housing and Home Finance Agency.....	62	55		7					
Maritime Commission.....	15	8		7					
National Advisory Committee for Aeronautics.....	2	2							

¹ Includes temporary employees (enumerators, super: isors, and clerks) engaged in taking the Seventeenth Decennial Census as follows: Mar. 2, 196; Apr. 2, 274; gross increase 78 (net departmental decrease 316).

² Transferred to Navy Department.

TABLE IV.—Industrial employees of the Federal Government inside and outside continental United States employed by executive agencies during April 1950 and comparison with March 1950

Department or agency	March	April	In-crease	De-crease	Department or agency	March	April	In-crease	De-crease
Executive departments (except National Military Establishment):					National Military Establishment:				
Commerce.....	1,177	1,350	173	-----	Department of the Army:				
Interior.....	4,913	5,717	804	-----	Inside continental United States.....	126,586	129,165	2,579	-----
State.....	561	548	-----	13	Outside continental United States.....	23,940	23,404	-----	536
Treasury.....	7,858	7,965	107	-----	Department of the Air Force:				
Independent agencies:					Inside continental United States.....	70,535	71,045	510	-----
Atomic Energy Commission.....	139	140	1	-----	Outside continental United States.....	18,473	18,016	-----	457
General Services Administration.....	150	94	-----	56	Department of the Navy:				
Housing and Home Finance Agency.....	19	21	2	-----	Inside continental United States.....	175,084	174,125	-----	959
Panama Canal.....	1,728	1,640	-----	88	Outside continental United States.....	18,472	18,488	16	-----
Smithsonian Institution.....	8	8	-----	-----	Total, National Military Establish-ment.....	433,000	434,243	3,105	1,952
Tennessee Valley Authority.....	6,308	6,844	536	-----	Net increase, National Military Establishment.....			1,153	-----
Total, excluding National Military Establishment.....	22,861	24,327	1,466	157	Grand total, including National Military Establishment.....	455,951	458,570	4,728	2,109
Net increase, excluding National Military Establishment.....			1,466	-----	Net increase, including National Military Establishment.....			2,619	-----

TABLE V.—Federal employees assigned to mutual defense assistance program

Department or agency	Civilian personnel			Payroll (in thousands)		
	In April numbered	In March numbered	Increase (+) or decrease (—)	In March was—	In February was—	Increase (+) or decrease (—)
Total.....	9,567	5,864	+3,703	\$1,649	\$1,249	\$400
State Department.....	120	70	+50	43	31	+12
Economic Cooperation Administration.....	12	13	—1	7	7	-----
Office of the Secretary of Defense.....	35	35	-----	11	11	-----
Department of the Army.....	6,601	4,412	+2,189	1,268	964	+284
Department of the Air Force.....	632	598	+34	203	163	+40
Department of the Navy.....	2,167	736	+1,431	117	53	+64

STATEMENT BY SENATOR BYRD

Federal civilian employment in the executive branch during the month of April totaled 2,093,312. The increase was 1,417 over the March total of 2,091,895.

Seasonal increases were reported by the Departments of Agriculture and Interior, and there was another substantial increase in the Department of Commerce, chiefly in the Bureau of the Census. Personnel assigned to the mutual defense assistance program continued to increase, and employment by the Housing and Home Finance Agency was up again for the ninth consecutive month.

Two significant decreases were reported during April; one was the second consecutive monthly drop by the Post Office Department, and the other was the second consecutive reduction by the Veterans' Administration.

Civilian personnel assigned to the MDAP in April totaled 9,567, an increase of 3,703 over March. To date employees have been assigned to MDAP as follows: 6,601 from the Army, 2,167 from the Navy, 632 from the Air Force, 120 by the State Department, 35 by the Office of the Secretary of Defense, and 12 by the Economic Cooperation Administration.

The Housing and Home Finance Agency employment increased 203 during April, continuing its steady increase for nine consecutive months since last July. The increase was 25 in August, 101 in September, 245 in October, 259 in November, 232 in December, 263 in January, 197 in February, and 237 in March—a 9-month increase of 1,762. April employment by the Agency totaled 13,019.

After reaching an all-time peak of 513,192 in February, following 11 successive monthly increases totaling 14,856, the Post Office Department now has reported decreases for two consecutive months totaling 3,165. Post Office employment in April was 510,727. Most of these reductions were made prior to the effective date of the Postmaster General's order curtailing mail deliveries.

April was the second consecutive month in which the Veterans' Administration reported decreases. Since reaching a total of 196,436 in February, Veterans' Administration personnel has been reduced by a total of 5,409—2,161 in March and 3,248 in April. This decrease has been due largely to the fact that the peak requirement of the veterans' insurance refund program has been passed. The Administration's employment in April was 191,027.

These observations on Federal civilian employment are based on signed monthly reports by executive agencies compiled today by the Joint Committee on Reduction of Nonessential Federal Expenditures.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 14, 1950, he presented to the President of the United States the enrolled bill (S. 1769) to reimburse the Stebbins Construction Co.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FLANDERS:

S. 3758. A bill to provide that, in the application of reduction-in-force regulations promulgated under section 12 of the Veterans' Preference Act of 1944 to positions of locomotive engineer, service performed in other civilian positions shall be disregarded; to the Committee on Post Office and Civil Service.

By Mr. IVES:

S. 3759. A bill to provide for the admission to the United States of an additional number of aliens of Italian nationality; and

S. 3760. A bill for the relief of Ibrahim Moise Chamham; to the Committee on the Judiciary.

By Mr. LODGE:

S. 3761. A bill to exempt the personal property of certain veterans' organizations

from the District of Columbia personal property tax; to the Committee on the District of Columbia.

S. 3762. A bill to amend the act of August 1, 1949, relating to the lending of certain property to national veterans' organizations by the Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force; to the Committee on Armed Services.

S. 3763. A bill to authorize the printing as separate House documents of the proceedings of the national conventions or national encampments of certain additional veterans' organizations; to the Committee on Rules and Administration.

By Mr. TYDINGS:

S. 3764. A bill to permit the appointment to the position of senior specialist in the Legislative Reference Service of retired officers of the armed services without loss of pensions and other benefits, and for other purposes; to the Committee on Armed Services.

S. 3765. A bill to amend chapter 61 (relating to lotteries) of title 18, United States Code, to make clear that such chapter does not apply to contests wherein prizes are awarded for the specie, size, weight, or quality of fish caught by the contestant; to the Committee on the Judiciary.

By Mr. LEHMAN:

S. 3766. A bill for the relief of Mrs. Stanislaw Kilawski; to the Committee on the Judiciary.

By Mr. PEPPER:

S. 3767. A bill for the relief of Israel Ratsprecher and Maryse Ratsprecher; to the Committee on the Judiciary.

S. 3768. A bill to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans, and for other purposes; to the Committee on Labor and Public Welfare.

By Mr. GURNEY:

S. 3769. A bill authorizing the issuance of a patent in fee to Leona Ann Leighton Grablander; to the Committee on Interior and Insular Affairs.

By Mr. LODGE:

S. 3770. A bill to amend section 705 of title 18 of the United States Code relating to unauthorized reproduction of badges and medals of veterans' organizations; to the Committee on the Judiciary.

By Mr. MAGNUSON:

S. 3771. A bill to provide transportation on Canadian vessels between Skagway, Alaska, and other points in Alaska, between Haines, Alaska, and other points in Alaska, and between Hyder, Alaska, and other points in Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation; to the Committee on Interstate and Foreign Commerce.

By Mr. HOEY:

S. 3772. A bill for the relief of Chiyako Ozama; to the Committee on the Judiciary.

INVESTIGATION OF TERMINATION OF EMPLOYMENT IN BOSTON POSTAL DISTRICT OF CERTAIN TEMPORARY WAR VETERANS

Mr. LODGE submitted the following resolution (S. Res. 297), which was referred to the Committee on Post Office and Civil Service:

Resolved, That the Senate Committee on Post Office and Civil Service, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete study and investigation of the termination of employment in the Boston postal district of some 800 disabled veterans of World War II classed as "continuous temporary," who had entered employment as clerks, carriers, and mail handlers after passing a civil-service examination, had established a service-connected disability of 10 percent or more, and had performed the regular work of said postal district for periods of 3 and 4 years under such classification up to April 10, 1950, including but not limited to—

(1) the extent to which authorized persons had promised these "continuous temporaries" permanent employment and a civil-service status;

(2) the extent to which civil-service laws and regulations have been violated or evaded in the termination of their employment; and

(3) the extent to which civil-service laws and regulations have been violated or evaded by the practice of the Boston postal district in keeping a large portion of the necessary work force on a temporary basis for a period of years rather than setting up the positions on a permanent basis as required by the normal workload.

Sec. 2. The committee shall report its findings, together with such recommendations as it may deem advisable, to the Senate at the earliest practicable date.

Sec. 3. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable. The expenses of the committee under this resolution, which shall not exceed \$10,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

CONSTRUCTION OF CERTAIN VETERANS' ADMINISTRATION HOSPITALS—AMENDMENT

Mr. IVES submitted an amendment intended to be proposed by him to the bill (H. R. 5965) to provide for the construction of certain Veterans' Administration hospitals, and for other purposes, which was referred to the Committee on Labor and Public Welfare and ordered to be printed.

AMENDMENT OF FEDERAL-AID ROAD ACT—AMENDMENTS

Mr. MAYBANK submitted amendments intended to be proposed by him to

the bill (S. 3424) to amend and supplement the Federal-Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, to authorize appropriations for continuing the construction of highways, and for other purposes, which were referred to the Committee on Public Works and ordered to be printed.

SOCIAL SECURITY ACT AMENDMENTS OF 1950—AMENDMENTS

Mr. LEHMAN (for himself, Mr. MURRAY, and Mr. DOUGLAS) submitted amendments intended to be proposed by them, jointly, to the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child-welfare provisions of the Social Security Act, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. LEHMAN (for himself and Mr. MURRAY) submitted amendments intended to be proposed by them, jointly, to House bill 6000, supra, which were ordered to lie on the table and to be printed.

Mr. LEHMAN (for himself, Mr. MURRAY, and Mr. HUMPHREY) submitted an amendment intended to be proposed by them, jointly, to House bill 6000, supra, which was ordered to lie on the table and to be printed.

Mr. LEHMAN (for himself, Mr. MURRAY, Mr. HUMPHREY, and Mr. DOUGLAS) submitted amendments intended to be proposed by them, jointly, to House bill 6000, supra, which were ordered to lie on the table and to be printed.

ADDRESS BY SENATOR BENTON AT UNESCO GENERAL CONFERENCE AT FLORENCE, ITALY

[Mr. FLANDERS asked and obtained leave to have printed in the RECORD an address delivered by Senator BENTON at the fifth session of the General Conference of UNESCO, at Florence, Italy, on June 6, 1950, which appears in the Appendix.]

CITATION BY THE UNIVERSITY OF WYOMING ON THE OCCASION OF THE PRESENTATION TO SENATOR HUNT OF AN HONORARY DOCTOR OF LAWS DEGREE

[Mr. SCHOEPPEL asked and obtained leave to have printed in the RECORD the citation by the University of Wyoming on the occasion of the presentation to Senator HUNT of an honorary doctor of laws degree, which appears in the Appendix.]

PLIGHT OF THE DAIRY FARMERS—LETTER FROM CARL K. PETERS

[Mr. LEHMAN asked and obtained leave to have printed in the RECORD a letter received by him from Carl K. Peters, president of the St. Lawrence County unit of the Farmers' Union, which appears in the Appendix.]

THE GOVERNMENT POTATO PROGRAM—LETTER FROM THE POTATO GROWERS OF WISCONSIN, INC.

[Mr. MCCARTHY asked and obtained leave to have printed in the RECORD a letter received by him from the Potato Growers of Wisconsin, Inc., which appears in the Appendix.]

IN BEHALF OF SENATOR MCCARTHY—EDITORIAL FROM THE BRIDGEPORT POST

[Mr. MCCARTHY asked and obtained leave to have printed in the RECORD an editorial entitled "In Behalf of Senator MCCARTHY,"

published in the Bridgeport Post for June 7, 1950, which appears in the Appendix.]

A COMMITTEEMAN WRITES ABOUT FMA

[Mr. HUMPHREY asked and obtained leave to have printed in the RECORD an article entitled "A Committeeman Writes About FMA," written by Miles A. Nelson, county committeeman, Itasca County, Minn., and published in the Farmer's Union Herald of June 5, 1950, which appears in the Appendix.]

THE CRITICAL FARM SITUATION IN WISCONSIN

[In accordance with the authority granted Mr. WILEY on June 2, 1950 (CONGRESSIONAL RECORD, p. 7980), there was submitted for Mr. WILEY today a statement prepared by him on the critical farm situation in Wisconsin, which appears in the Appendix.]

LEAVES OF ABSENCE

On his own request, and by unanimous consent, Mr. LEHMAN was excused from attendance on the session of the Senate for the remainder of the day in order to go to New York to address a gathering this evening.

On his own request, and by unanimous consent, Mr. WILLIAMS was excused from attendance on the sessions of the Senate for the remainder of today and tomorrow, in order to attend the Del-Mar-Va chicken festival.

Mr. DARBY. Mr. President, it is necessary for me to get some information relative to the raising of chickens in Kansas, by going to Delaware tomorrow to attend the Del-Mar-Va chicken festival. I ask unanimous consent to be absent for that purpose.

Mr. LUCAS. Mr. President, reserving the right to object, will the request be repeated, please?

The VICE PRESIDENT. The Senator from Kansas has said that it is necessary for him to attend the chicken festival in Delaware tomorrow, in order to obtain some information for the chicken raisers in Kansas.

Mr. LUCAS. Then I have no objection.

The VICE PRESIDENT. Without objection, leave is granted.

On his own request, and by unanimous consent, Mr. LANGER was excused from attendance on the sessions of the Senate from Thursday, June 15 until Tuesday, June 27.

CERTAIN BENEFITS TO ANNUITANTS WHO RETIRED PRIOR TO APRIL 1, 1948

The VICE PRESIDENT laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 4295) to provide certain benefits for annuitants who retired under the Civil Service Retirement Act of May 29, 1930, prior to April 1, 1948, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. NEELY. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

Mr. WHERRY. Do I correctly understand that the Senator from West Virginia moved that the Senate insist upon its amendments?

Mr. NEELY. That is correct.

The VICE PRESIDENT. The question is on the motion of the Senator from West Virginia.

The motion was agreed to; and the Vice President appointed Mr. HUMPHREY, Mr. FREAR, and Mr. LANGER conferees on the part of the Senate.

MARINE INSURANCE IN THE ECA PROGRAM

Mr. McCARRAN. Mr. President, I hope I may have the attention of the Senate while I discuss and ask to have inserted in the RECORD certain matters coming from the so-called watch-dog committee of the House and Senate. I shall require about 2½ minutes to present each of two matters for the RECORD, if I may have unanimous consent to occupy that time.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. McCARRAN. Mr. President, since the beginning of the ECA program the matter of marine insurance in the program has been one of considerable concern to the industry of this country. In the early days of the program, ECA provided funds to cover marine insurance on shipments abroad. Some months later the Administrator changed this policy and announced that he would no longer allocate dollars for the payment of marine-insurance premiums. Many protests were raised by the industry, and these protests were forcibly called to the attention of the Joint Committee on Foreign Economic Cooperation. The staff of the joint committee made a study of the matter and prepared a report on the situation last year. After this report was prepared, the Joint Committee on Foreign Economic Cooperation held hearings at which members of the insurance industry and officials of the ECA appeared and testified with respect to the ECA policy.

As a result of these hearings and the studies made by the staff of the joint committee, I submitted an amendment to the ECA extension authorization last year which was adopted by the Senate and finally passed the Congress in a revised form. This amendment provided that the ECA Administrator should provide dollar funds for the payment of insurance premiums on commodities purchased in the United States where such insurance was placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II.

Subsequent to the passage of this legislation, the ECA issued a revised regulation which was supposed to give effect to the change in the law. I do not think the regulation gave full implementation to the intent of Congress in enacting the amendment to which I have referred. On July 18 of last year I wrote the Administrator of the ECA, pointing out my objection to the revised amendment issued by the ECA and he replied under date of July 26 in a letter which I do not consider satisfactory. Since that time, I continue to receive, as chairman of the Joint Committee on Foreign Economic Cooperation, protests from the insurance industry pointing out the fact that the

American industry is being discriminated against in the countries we are furnishing aid under the ECA program.

Mr. President, I ask unanimous consent to have the report to which I have referred, as well as the exchange of letters between myself and Mr. Hoffman, printed in the RECORD as a part of my remarks.

There being no objection, the matters referred to were ordered to be printed in the RECORD, as follows:

MARINE INSURANCE IN THE ECA PROGRAM CHANGE IN ECA POLICY

On September 13, 1948, ECA announced that it would no longer allocate dollars for the payment of marine-insurance premiums. Its statement was as follows:

"WASHINGTON, September 13.—In a further move to emphasize private trade practices in the ECA operations as directed by Congress, Paul G. Hoffman, Economic Cooperation Administrator, announced today that no ECA funds will be allocated in the future to cover the cost of insurance premiums for ECA-financed cargoes. In the future insurance for cargoes will be handled by the exporter and importer as they desire, similar to export-import procedures that have prevailed in private trade transactions.

"New procurement authorizations will not carry allocation of ECA funds for insurance premiums, but use of such funds authorized in past procurement authorizations will be honored, Hoffman said.

"The new ECA policy on insurance premiums is based on the belief that such ECA funds as might be required for insurance premiums could better be used for projects more closely related to the main ECA objective of recovery in the participating nations. This new policy is threefold:

"1. ECA will not finance insurance payments directly or indirectly. Losses of shipments will be regarded as a program expense and will require counterpart deposits by the country in local currency.

"2. Participating countries or their importers may insure as they desire, using any currency they choose for payment of premiums. ECA will not decide whether cargoes should or should not be insured.

"3. In the event of losses, no adjustment will be made in the local currency counterpart funds of the participating countries.

"Hoffman said that administrative as well as legal and economic considerations pointed to the wisdom of avoiding ECA involvement in insurance financing."

Under this shift in policy the premium on insurance during transportation from factory to shipside is still absorbed by ECA as a part of the seller's price on sales f. a. s. (free at shipside), but insurance during transportation from American wharf to Europe is not so absorbed. The protest of the marine-insurance industry against this decision of ECA is directed to the point that ECA's theory of fostering private channels of trade cannot be realized in practice so long as foreign governments control foreign trade through currency controls. Such controls permit foreign governments to order their nationals to procure insurance in their own national markets and, necessarily, in their own currencies since no dollars will be released for the payment of premiums. Such a directive, issued by the French Insurance syndicate, will be found in appendix I.

The reasoning of ECA by which it justifies its change in policy will be found in a report to its advisory committee on insurance, appendix II, page 5. Two marine-insurance associations have filed with the staff a memorandum setting forth the answer of the industry to the points made by ECA. Briefly, the two positions are as follows:

ECA POSITION AND REPLY OF THE INDUSTRY

1. ECA: If it finances the payment of premiums, it must satisfy itself that the insurance is of the appropriate kind and amount and that claims are vigorously prosecuted, which will require installation of checking points, legal review of specific transactions, study of rates. This will make necessary a considerable organization.

Industry: The industry already has established practices and rates which will make unnecessary most of the difficulty ECA envisages. Commercial banks now customarily assume responsibility in ordinary commercial transactions.

2. ECA: Programming difficulties will result whether (1) recipient countries retain all collections, resulting in their having free dollars, or (2) insurance collections are returned to the general funds of ECA, in which event no one will have any interest in prosecuting the claim except ECA, or (3) the collections are credited either in dollars or goods to the participating country.

Industry: The consignee who has deposited local currency in the counterpart fund will have an interest in prosecuting claims because he cannot receive back his deposit until the claim has been paid. If all losses are payable to ECA for the account of whom it may concern, the participating country can be notified that it is entitled to a replacement or a substitution.

3. ECA: A program such as that administered by ECA cannot be insured because the proceeds cannot restore damages and the bulk of losses will probably occur in small quantities in a large number of transactions so that, unless all-purpose coverage is utilized, ECA will not be protected for the larger amount of its potential losses.

Industry: Additional expenses of all risk insurance are reflected in additional loss recoveries and the net cost to ECA of either type of insurance should not substantially differ.

4. ECA: In all probability, more may be paid in premiums than is received in benefits to ECA.

Industry: That is undoubtedly true but permitting American marine-insurance companies to profit from doing business is not inconsistent with the practice of ECA in permitting other commercial concerns to obtain a profit from rendering a necessary service.

5. ECA: It should be emphasized that insurance is a private matter to be considered by parties directly concerned and ECA should do nothing to interfere with the placing of such insurance.

Industry: Insurance is not left as a private matter to be considered by the parties directly concerned, but the net result of ECA's decision has been a rapid and complete movement away from the utilization of private channels of trade in the insurance field and this move has been enforced by regulations of foreign governments.

6. ECA: Local currency funds should not be affected by losses, because such a procedure is administratively the simplest. Payments in local currency may be regarded as a fair assumption by participating countries of their pro rata share of program costs and of the real economic costs generally borne by the United States economy. Such local currency payments may be regarded as restitution to ECA for "lost" dollars and the foreign country is in a position similar to ECA, that is, it generally has the same interest or lack of it in insurance.

Industry: In order to protect himself the consignee must purchase insurance payable in his local currency. As a net result, marine insurance has been forced out of the American market into foreign markets.

COMMENT

There are four entities involved in an ECA financed transaction—ECA itself, a foreign government, a foreign importer, and an American exporter.

The American exporter has no interest in insurance beyond the time when delivery is made of the merchandise, title passes, and he becomes entitled to his money. He is customarily covered by insurance up to this time and the premium is added to the cost of the merchandise delivered.

The foreign importer has deposited in the counterpart fund the local currency equivalent of the dollar cost of his shipment, and he will be made whole financially if, in the event of loss, the amount of his deposit in local currency is returned to him through insurance. Under the recovery aspect of the ECA program, however, his interest would not seem to be merely in being made whole financially—he needs a replacement of the lost shipment. This can only be obtained with dollars.

The foreign government, in the event of a loss, finds itself in this position—its program has been charged by ECA with the shipment and its national economy is in need of a replacement. It has retained the local currency deposited by its importer, but that cannot be used to purchase the replacement. Dollars are required for this. If its needs or requirements have been either accurately estimated or underestimated in the program, it must necessarily either do without a needed replacement or resort to its free dollars for the cost of the replacement. The former course will in theory be a drag on recovery, and the latter course, under the dollar deficit theory, will not result in relieving ECA of the burden of financing the replacement, but will merely shift the expense from one annual program to the next.

ECA may regard itself as sufficiently large to be a self-insurer, and it undoubtedly is, but unless it sets up a reserve fund sufficiently large to take care of all anticipated losses, it will necessarily find itself in the position of having allocated all of its available funds to specific programs. In the event of a loss, it will then not be able to finance a replacement except by taking the money out of some other part of the program.

It seems apparent that describing a loss as "a program expense" will not supply the dollars required to finance a replacement. This must be done by an appropriation of funds sufficient in amount to pay either the cost of replacements or the premium on insurance to cover losses. In a program as large as that of ECA, the latter will doubtless be the larger amount.

This brings up for consideration the situation in which the American marine-insurance industry now finds itself. Congress has already expressed in several statutes its desire to foster the growth of this industry as a contributor to the strength of the United States merchant marine.¹ The functioning of this industry requires a considerable organization, such as underwriters, brokers, claim adjusters, inspectors, engineers, and former sea captains skilled in packing and stowage. Such an organization, once dispersed, cannot soon be reassembled. To support such an organization and at the same time furnish insurance at reasonable rates requires an extensive business and a broad coverage of risks, including cargoes as well as hulls. The elimination of American insurance companies from the business of covering ECA-financed shipments may have serious results in both particulars.

The result of such a directive as that issued by the French is to disrupt the customary commercial practice under which insurance is bought from warehouse to warehouse and is procured by whoever finances the trade.

The mere elimination of such directives would not appear to be a very effective remedy. The real control which foreign governments have over the placement of insurance

is through their control over exchange. Unless dollars are released, their nationals cannot obtain dollar insurance, except possibly from English companies which may be adequately supplied with dollars and which might, in particular instances, be willing to receive Continental currencies in payment of premiums. Thus, the real issue is the desirability of assisting United States marine-insurance companies as a force supporting the American merchant marine.

While the marine-insurance industry states that it desires merely freedom to compete, this freedom would not seem pregnant with results unless dollars are made available, through ECA, to the foreign customers of American insurance companies.

Legislative action does not seem to be required, but may be desirable. If and when ECA concludes that its present policy is not encouraging private channels of trade, but, on the contrary, is encouraging and making effective control by foreign governments of the marine-insurance business, ECA may by administrative action return the situation to its status prior to September 13, 1948.

APPENDIX I

SYNDICATE OF MARINE INSURANCE COMPANIES, Paris, September 6, 1948.

III. Circular Letter No. 605.

Object: Marshall plan.

The presidency informs its colleagues that, for a number of weeks already, it has been worried about the application of certain clauses of the Marshall plan, which seem to deprive the European insurance markets of the insurance of the goods imported under this plan.

In full agreement with the insurance direction, our presidency has gotten in contact with various French administrations.

On the other hand, in order to coordinate the efforts of the European markets all placed in the same position, it has also had interesting conversations with the representatives of the various foreign markets.

The results obtained are not yet definite, but already the direction of foreign exchange which had transmitted a note on this problem to the French mission in the United States has received a notice according to which the American authorities would not object to the insurance being covered in the French market.

The direction of foreign exchange, in full agreement with the insurance direction and upon our request, had in the past instructed all French importers to insure all goods purchased, thanks to the interim aid, on an f. o. b. basis and not on a c. i. f. basis. In this way up to now the French market has had the benefit of the insurance of the imports.

A new circular letter is addressed to all French importers instructing them to refuse to buy on a c. i. f. basis the goods imported in application of the Marshall plan.

The insurance direction which has just informed us of this news, requests us to notify them of the cases which have come to our attention in which these instructions of the Foreign Exchange Direction have not been followed.

It would, therefore, be advisable that the insurance carriers of our market, in particular the insurers of the groupements policies, get in touch with the assured, through the intermediary of the brokers, in order to attract their attention to this point.

The presidency will receive with interest any communications made in this connection. Translation: EG.

APPENDIX II

PROPOSED COMMITTEE REPORT

We have studied the problem of ECA financing of insurance and submit for consideration the following recommendations:

A. ECA should not finance insurance payments, either directly or indirectly.

B. Loss of ECA-financed shipments should be treated simply as a direct program expense. ECA responsibility should extend only to the consideration of such losses in terms of its regular program operations covering—

1. Stabilization or destabilization effects on the domestic economy.

2. Requirements of foreign rehabilitation and reconstruction.

C. ECA should emphasize that payment, administration, and collection of insurance is a private matter to be undertaken at the discretion of parties directly concerned with negotiating contracts for the purchase, sale, and shipment of goods.

D. No refund or other adjustment in local currency funds should be made for lost or damaged cargo, whether insured or not.

OUTLINE JUSTIFICATION FOR RECOMMENDATIONS

The reasons for the above recommendations are as follows:

A. Administrative and legal expense and difficulties

1. If ECA were to finance payment of insurance premiums, it would have to take adequate precautions to satisfy itself that the insurance in each transaction was of the appropriate kind and amount, and that claims for damages were satisfactorily administered and vigorously and quickly settled. This would require—

(a) Installation of checking points at strategic places. (Such checking points would be even more essential where questions of split insurance—e. g., marine and inland insurance handled by different carriers—were involved.)

(b) Institution of legal review of specific transactions. At the minimum, ECA would be required to satisfy itself that its interests were protected.

(c) Extension of the present review process in order to analyze rates, types, and extent of coverage.

2. Such financing would require additional time and study for the evolution of a reasonably uniform and sensible policy. For example, additional study would be required for such questions as the extent and type of coverage to be secured, in general, and for particular types of commodities, or geographical areas—e. g., should insurance extend from the producer's warehouse to the point of final consumption? Should it cover only marine risk, and, if so, what type?

3. Such financing would create programming difficulties. One of the three following choices would have to be made, all of which involve certain difficulties in programming:

(a) Allow recipient countries to retain all collections of insurance benefits. Such a course would be of doubtful legal validity and inadvisable politically. It would provide an avenue for the gift of "free" dollars.

(b) Insist that all payments of insurance benefits be returned to the general funds of ECA. Under this approach, no incentive would be provided for vigorous prosecution of claims and complete protection of ECA interests—unless ECA were itself to administer such claims. It is unreasonable to expect that the participating countries should grant high administrative priority to the protection of interests which may or may not redound directly to their individual benefit.

(c) Credit the resources so received to the direct account of the affected country. This might be accomplished in either of two ways:

(1) By crediting dollars to the account of such country. Good faith on the part of ECA would then require that it close its eyes in future programming to a portion of already available dollars. Two things seem clear: (1) It might be difficult to convince the affected country that such an extraordinary requirement would be faithfully adhered to, and (2) it does not make good economic sense to ignore the availability of

¹Shipping Act of 1916, U. S. C., title 46, sec. 811, Merchant Marine Act of 1920, U. S. C., title 46, sec. 885.

such dollars where relative allocations are involved.

(ii) By crediting identical goods to the account of the participating country. Since time would undoubtedly elapse between loss and restitution of claims, it seems unwise for ECA to bind itself in this fashion. During the intervening time, both domestic and foreign economic conditions are almost certain to undergo important alterations.

4. Conclusion: In view of the above considerations, it seems administratively simpler and cheaper for ECA to assume the risk rather than to involve itself in insurance, through direct or indirect financing. It should confine itself to distributing such losses, as they are reported, in terms of its domestic and foreign responsibilities. This can and should be done within the normal routine of programing operations. Neither additional staff nor procedures should then be necessary.

B. Economic considerations

1. The economic considerations are of two kinds: (1) Monetary considerations, and (2) real economic costs in terms of goods and services. Of the two, the latter is more important and will be treated first.

(a) Real economic costs: In terms of real goods and services, a program such as that administered by ECA cannot be insured. At best, insurance can return dollars for real goods and services. It cannot restore damages. From the point of view of a total economy, insurance is not a matter of reducing costs arising through loss, spoilage, diversion, etc.; it is a matter of distributing the burden more equitably. This is the cardinal principle of insurance. Each individual who insures assumes a small but certain loss (the premium) in order to avoid the possibility of a large but uncertain loss. In general, the larger the group of participants, the more certain do the calculations become and the more equitably can the burden be distributed. This leads to two further considerations:

(i) Insofar as ECA cargo is insured, the principles of good insurance will be reversed. The burden will be shifted from a broader group (the general public) to a narrower group (private insurance carriers).

(ii) The bulk of ECA losses will most probably occur in small quantities over a large number of transactions instead of large losses concentrated in a few transactions. Unless ECA intends to utilize expensive all-purpose coverage, it will not be protected for the larger amount of its potential losses.

(b) Monetary considerations: Three possible cases may arise:

(i) More may be paid in premiums than is received in benefits by ECA. This, the most likely eventuality, would mean that dollars which should have been devoted to European recovery would be diverted to other purposes.

(ii) Exactly equal amounts would be paid in premiums and received in benefits. Such an operation would be pointless. Dollars paid at one point of time would be restored at another. (To these considerations should, however, be added the additional administrative costs—in both real economic and monetary terms—which would be incurred by ECA and the insurance companies.)

(iii) More would be received in benefits than is paid in premiums. As noted above, this would reverse the principles of good insurance; the burden would be shifted from a larger to a smaller group.

2. Conclusion: Economic considerations reinforce administrative considerations leading to a policy of nonfinancing of insurance by ECA.

C. Relations between participating countries and their nationals

1. As noted in recommendation two, ECA should emphasize that insurance is a private matter to be considered by parties directly concerned with the details of contract negotiation and administration. It should do nothing to interfere with the placing of

such insurance since it is obviously sensible for private individuals, under certain conditions, to insure. Moreover, the governments of the individual countries should be left to their own devices. Good insurance merely requires that the individual be restored to his initial position (minus the premium) after the loss. If such an individual were required to insure in his local currency and then were repaid in such currency this principle of insurance would be fulfilled. If he is permitted to insure in other currencies, ECA should not interfere, other than to take such currency availabilities into account in its regular programing operations. (From the point of view of the total program, such premiums and benefits, at fair rates, may be expected approximately to cancel out.) Nothing in this paragraph or in this memorandum should be interpreted, however, as advocating ECA's abandonment of its responsibilities for moving as rapidly as possible toward full utilization of private channels of trade and away from government regulation and interference in private transactions.

D. Local currency funds

1. Local currency funds should be left unaltered by losses incident to program operations for a variety of reasons. First, it is administratively much the simplest course. Second, such payments may be regarded as a fair assumption of burden by participating countries as a pro-rata share of program costs. Third, the real economic costs will generally be borne by the United States economy and such currency payments may be regarded as restitution—to ECA for "lost" dollars, and to the United States economy for real economic losses. Fourth, these funds are to be used in any event for the general purposes of economic reconstruction. Fifth, the participating countries are themselves in a position similar to ECA. They generally have the same interest in insurance, or lack of it. Private individuals may protect themselves or not—at their peril—either with their government, or with private insurance companies. The governments, like ECA, cannot or should not interest themselves in particular individuals, since their responsibility is in the direction of general, rather than particular welfare. Whether such governments allow their private citizens to insure in foreign currencies should, as noted above, be subject only to general ECA surveillance in the course of normal programing operations.

E. Comments on present ECA policy

1. It is our understanding that ECA now reimburses for insurance premiums only on c. i. f. shipments. Such reimbursements should be abandoned because (a) partial participation in insurance requires almost an equivalent amount of administrative complexity and expense as does total participation and (b) such an inconsistency in policy will be awkward to explain. We realize that certain mechanical difficulties may be involved, particularly with respect to so-called private self-insurers. Even in such cases, however, it will sometimes be possible to isolate the insurance component of price. In any event, the adoption of such a policy by ECA will free the hands of the participating country and encourage more careful procurement negotiations.

F. Assistance to American insurance interests

1. It has been brought to our attention that American marine-insurance companies are seeking the aid of ECA in the correction of certain practices which have affected their interests. These practices which have arisen since the outbreak of war are of two kinds: (1) Intervention, in foreign-trade transactions, by governments which act as "self-insurers"—that is, assume the risk themselves—and (2) attempts by certain of these governments to promote the growth of their own domestic insurance companies. While

recommendations concerning this problem are beyond the scope of the committee, we would like to suggest that long-range protection to American insurance interests—as in the case of other industries—may best be secured by progress toward the general resumption of private activities in the field of foreign trade rather than by diversion of ECA resources to the immediate requirements of the industry. As we have emphasized above, ECA should not, in any event, do anything to interfere with private placement of insurance in any country with any company.

At present, there is a great deal of agitation and uncertainty concerning ECA policy toward insurance. Dilatoriness on the part of ECA is both unfair and dangerous. The companies and the countries have a right to a clear and forthright statement of policy as soon as possible.

JULY 18, 1949.

HON. PAUL G. HOFFMAN,
Administrator, Economic Cooperation
Administration, Washington, D. C.

MY DEAR MR. HOFFMAN: ECA Regulation No. 1, amendment 1, effective July 9, 1949, issued by the Economic Cooperation Administration, has come to my attention.

I note that under "Miscellaneous amendments, part 201.6," dealing with insurance, dollar payments of premiums for marine insurance on ECA-financed commodities procured in the United States will be eligible for financing under commodity procurement authorization if such insurance is "placed by the importer (or by the supplier or any other person if authorized so to do by the importer in a cable, written document, or the letter of credit)."

I presume the foregoing amendment was issued to conform to the legislative directive contained in Public Law 47, Eighty-first Congress, which provides that "the Administrator shall, in providing assistance in the procurement of commodities in the United States, make available United States dollars for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practices prevailing prior to the outbreak of World War II."

You may recall that one of the significant problems with which the Congress was concerned in enacting the foregoing legislation, concerned the usual trade customs in the cotton industry. The evidence adduced by the Joint Committee on Foreign Economic Cooperation indicated that the normal trade practice was for cotton exporters to provide insurance and to sell the commodity on a c. i. f. basis.

It does not appear that the language of the regulation would conform to the intent or to the letter of the amendment as passed by the Congress for it places upon any such transaction the additional qualification that the insurance must first be authorized by the participating country, and, second, must be placed by the importer or authorized by the importer in a cable, written document, or letter of credit.

It does not appear that the normal trade practices prevailing prior to the outbreak of World War II could be adhered to except by special permission of the participating government or the importer.

The intent of the act was that if the normal trade practice prior to World War II was to sell a commodity on a c. i. f. basis, and if the insurance in such a transaction is placed on a competitive basis, there is no need for the participating government or the importer to acquiesce by affirmative action in such an authorization.

I am of the opinion that the amendment, as issued, is an attempt by the Economic Cooperation Administration to follow the procedures and policies it had established prior to the enactment of the above-mentioned amendment to the Foreign Assistance Act.

I am at a loss to understand the reluctance of the ECA to comply with the intent and the letter of the law as it has been written by the Congress.

I would appreciate your comments upon this matter.

Kindest personal regards,

Sincerely,

PAT MCCARRAN,
Chairman.

ECONOMIC COOPERATION
ADMINISTRATION,
Washington, D. C., July 26, 1949.

The Honorable PAT MCCARRAN,
Chairman, Joint Committee on Foreign
Economic Cooperation, United States
Senate, Washington, D. C.

DEAR SENATOR MCCARRAN: This is in reply to your letter of July 18, 1949, with respect to ECA regulation 1, amendment 1, effective July 9, 1949.

The rules contained in this amendment were written to give effect to the legislative directive in section 112 (j) of the Economic Cooperation Act of 1948, as amended. One of these rules recognizes the responsibilities of participating countries to authorize the use of dollars for insurance premiums. This rule represents an application to marine insurance of the same procedures governing all commodities and services financed by ECA, namely that commodities and services required in the European recovery plan are to be determined initially by each participating country, subject to review by OEEC and finally by ECA.

You will appreciate that if ECA were to require the placement of dollar insurance on cargoes shipped from the United States, it would impose an obligation on participating countries of a new character entirely inconsistent with the general policy of the European recovery program.

Amendment 1 places the responsibility on the importer to exercise the business judgment involved in the question whether to insure the cargo in dollars, if permission is granted by his government, or in his local currency. The choice undoubtedly will be guided by the lower costs to him. That this decision should be left with the importer follows from the fact that risk of ownership is in the importer during the period of ocean shipment. Title and risk of ownership in the commodities passes to the importer when the exporter has completed delivery to the ocean carrier. At that time the exporter is paid and his interest in the commodity ceases except for possible claims arising out of non-performance of the terms of the contract. In all regular f. a. s. and c. & f. sales, at the present time as well as prior to World War II, the risk of ownership during ocean shipment is borne by the importer. Practically all sales financed by ECA are made on the regular f. a. s., c. & f., or c. i. f. terms, which assures the exporter prompt payment upon delivery to the carrier. Under such circumstances it has always been a normal trade practice for the importer to decide whether to insure and the terms under which to insure.

When exports are made on a consignment basis, with sale and payment deferred, the exporter retains title during the period of shipment and does bear the risk. In such instances it is normal business usage for the exporter to make decisions as to the placing of insurance. Under the European recovery plan exports on consignment for cotton, or any other commodity, are virtually nonexistent.

Please be assured that full consideration was given to the intent of the Congress in drafting this amendment. I hope that this explanation has clarified for you the considerations which lie behind the specific provisions of the amendment.

Sincerely,

PAUL HOFFMAN,
Administrator.

EXPORT CONTROLS ON SHIPMENTS OF ARTICLES OF STRATEGIC IMPORTANCE

Mr. MCCARRAN. Mr. President, we are constantly hearing reports that items similar to those which this country prohibits from being shipped to Russia and its satellites are nevertheless finding their way into those iron curtain countries. It is said that many of them are being shipped from or through certain western European nations—nations which are, after all, our allies. As chairman of the Joint Committee on Foreign Economic Cooperation I should like, therefore, to call to the attention of the Senate a report on this situation by the staff of the committee. A considerable part of the report deals with the role of Germany in east-west trade, and Mr. Paul Hoffman, Administrator of the Economic Cooperation Administration, wrote me he considers this part of the report "one of the most complete we have received." I believe that Members of the Senate will find that it sheds valuable light on a subject which has been too frequently obscured by fogs of misinformation, misunderstanding, and mischief.

Mr. President, this report by the staff of the "watchdog committee" makes it abundantly clear, it seems to me, that much of the restricted material which has gone to Russia and its satellites could have been prevented from going there if we had a simplified system of controls. Such a system would eliminate much of the administrative confusion and duplication regarding this important matter. Above all, as the report points out, it would eliminate some of our idiotic injunctions of secrecy with regard to the lists of restricted or prohibited items—unnecessary injunctions which have prevented representatives of the United States from taking the swift and effective action that is so necessary in these matters. There is still time for improvement, and it is my hope that this report may stimulate needed action.

Mr. President, I ask unanimous consent that the staff report, entitled "Staff Report Concerning Export Controls on Shipments of Articles of Strategic Importance and the Functioning of ECA Personnel in Connection Therewith," be incorporated in the body of the RECORD as a part of my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

STAFF REPORT TO THE JOINT COMMITTEE ON FOREIGN ECONOMIC COOPERATION CONCERNING EXPORT CONTROLS ON SHIPMENTS OF ARTICLES OF STRATEGIC IMPORTANCE AND THE FUNCTIONING OF ECA PERSONNEL IN CONNECTION THEREWITH

(Pursuant to sec. 124 of Public Law 472, 80th Cong.)

SCOPE OF THE INVESTIGATION

Beginning April 19 and ending June 15, 1949, agents of the Joint Committee on Foreign Economic Cooperation interviewed representatives of ECA, the Departments of State and Commerce, and military government and its agencies in France, Italy, Switzerland, Bizone, Austria, England, Holland, and Belgium. The controllers of the ECA country missions to Sweden, Denmark, and Trieste were interviewed in Paris or Rome. No rep-

resentatives of foreign countries were interviewed except in England.

There are, in the files of the joint committee, reports with exhibits on each of the participating countries above named, giving in considerable detail the substance of what was said by the more than 70 individuals interviewed. These detailed reports, with the exhibits and a summary, were submitted to the Administrator of ECA for his examination and comment, which, in general, was that the "reports have been useful to our people in Washington," that the report covering "the situation in Germany is one of the most complete we have received," and that ECA agreed "with the majority of the conclusions reached."¹

The summary, referred to above, contained this statement of the over-all conclusion reached:

"Performance by all departments and agencies has been insufficient and procedures inefficient."

In discussing wherein and why such was the fact, names of countries and individuals will be omitted because of the nature of the subject matter and for the additional reason that we are not here dealing, except in Bizone, with the question of the abilities of individuals as such. It is true that, in several countries, lapses on the part of individuals indicated a lack of the kind of attention to detail which the importance of the subject demanded, but, in the main, inadequate performance must be attributed almost entirely, not to individuals, but to the system under which they operated at that time.² It should be here stated that every assistance possible was rendered the agents of the joint committee in their investigation of the facts.

PART I. THE SECURITY PROBLEM

Departments and agencies principally concerned

The export of primary articles of warfare, such as arms and ammunition, is controlled by all countries and is not dealt with in this report.

In the United States, controls over other items of strategic importance, such as some machine tools and chemicals, are exercised by the Department of Commerce.³ With respect to these other articles of strategic importance, with which this report concerns itself, the Department operates on the basis of two lists—I-A and I-B. Articles of considerable importance are on the I-A list and may not be exported under license to countries behind the iron curtain, but licenses will issue for export to other countries. This brings to attention the importance of the problem of the transit trade, which will be hereinafter discussed.

Articles on the I-B list, of lesser strategic importance, may be exported to countries behind the iron curtain if the quantity be not too great. A decision in this field is based upon judgment.

In order that the export policies of the participating countries and the United States might not work at cross-purposes, the United States Special Representative in Europe was chosen to negotiate with the participating countries, but in this he functions partly outside the framework of ECA. The East-West Trade Division of ECA also functions in this field.

The Department of the Army was in effect a participating country in the Bizone and it still performs important duties in Austria

¹ The entire letter of the Administrator to the chairman of the joint committee appears in the appendix to this report.

² Changes were subsequently made, and these will be referred to hereafter.

³ For an explanation of these controls, see fourth quarterly report of the Secretary of Commerce, July 30, 1949, Export Control and Allocation Powers, particularly pp. 5-7, 12-16, 32-39.

and Trieste. The Department of State necessarily plays a large part in negotiations with the participating countries. Consequently, the investigation went beyond the boundaries of section 117 (d) of Public Law 472 (80th Cong.), which is of very limited scope. But the Administrator is merely directed—

(a) To refuse delivery to participating countries of commodities which go into the production of articles for delivery to nonparticipating countries if a United States export license would be refused for such article; and

(b) To advise against the issuance of a United States export license for any article to such nonparticipating countries if he believes that the export of such article would be inconsistent with the provisions and purposes of title I of Public Law 472.

Section 117 (d) does not cover the following situations:

(1) Export from the United States to a Western Hemisphere country, whence the article is shipped to such a nonparticipating country;

(2) Export from a participating country direct to such a nonparticipating country when no component part of the article has been furnished through ECA aid;

(3) Export from one to another participating country, whence the article is shipped to such a nonparticipating country;

(4) Export from the United States or a participating country to another participating country for use in the importing country whence, however, a similar article from indigenous production is shipped to such a nonparticipating country, either directly or as in (3).

Of course, shipment of an item of strategic importance is just as dangerous to our own safety when made from or through a participating country as it is when made direct from the United States.

Progress in negotiations

By the end of March 1949, negotiations with the participating nations had produced little that was concrete except an "agreement in principle" which, as an ECA official stated, was easy to reach. Difficulties arose just so soon as details were brought into the discussion.

Although there is room for the opinion that the negotiations have taken an inordinate length of time, it is difficult to disagree with the position of ECA that (1) if action by the participating nation was to be effective, it was necessary that it be voluntary and based upon self-interest—that is, we are all in the same boat—and (2) that the alternative to policing by the participating nations themselves was for ECA to examine all of their export-control documents, for which it had neither the time, money, nor men.

Considerable progress has, however, been made since March, and a satisfactory solution to the problem should be forthcoming shortly, provided those things which remain to be done are handled promptly.

Secrecy

In the countries visited our representatives were unanimous in condemning the excessive secrecy which surrounded the subject of export controls over strategic items, and particularly the secrecy which surrounded the items on our I-A and I-B lists, but no one seemed able to get the system changed. Our lists had been made known to the governments of all of the participating countries and the feeling was that, with this broad distribution of knowledge, it was a practical certainty that iron-curtain countries had obtained a copy of the lists from somewhere.

The situation in the Bizzone lent no support to any hope that our I-A and I-B lists had a shred of secrecy left. Both lists were in the hands of the German customs officials and of the detachment of United States Army personnel which worked with them. The

large headquarters building in Frankfurt which houses most of the agencies of military government and ECA was anything but secure. There were guards at each of the numerous entrances, but with a constant stream of people going in and out, a guard could do no more than to see if a visitor had a pass or other paper which looked official—there was no time to find out if it really was official or belonged to the visitor.

At night the side doors were locked but an official of JEIA (Joint Export-Import Agency) stated that on several occasions when he had to go to his office after hours, he merely reached up to the sill over the door, got the key, and went in. Many offices were equipped with wooden file cases which were kept securely locked and barred in front, but to get into the case it was only necessary to turn the case around and take the back out with a penknife, which had been done in the office of this official the preceding December. Ingress and egress at night cannot have been too difficult when so many typewriters have been stolen that orders were issued to lock them to the radiators upon closing offices.

In the Bizzone, export controls were operated according to country of destination and not according to the article exported, so refusal of a license for the export of an article to an iron-curtain country was, in effect, notice to that country that the article was on the list of prohibited exports.

One bad result of a program of secrecy is waste of information. Various departments and agencies, under instructions of secrecy, necessarily limit the number of men who exchange information and they keep information from other agencies. Thus the Department of Commerce had a list of 63 violations attributed to the participating countries together, but inquiry of our representatives in the countries visited invariably elicited the answer that they had never heard of such charges.

In some ECA missions military intelligence cooperated and in some it did not. In some ECA missions the controller, a very important individual in this field, was taken into the confidence of the east-west trade men and in some he was not, and in at least one mission he was specifically forbidden to cooperate in obtaining information.

During the visit to Europe of the agents of the joint committee, the situation with respect to the controllers was remedied and they now participate in this field. Since such visit the I-A and I-B lists have been downgraded from secret to confidential, but there seems to be no point to stopping there.

The United Kingdom has published its list of controlled article, which includes the articles on our I-A list minus some thirty-odd. Why should we not openly publish our list also?

The continuance of any degree of secrecy seems to serve no purpose except to deprive the United States of sources of information which would otherwise be available to it; that is, if some manufacturers in a country are selling war potential behind the iron curtain, there will be other manufacturers in the same line who will know about it and who, for patriotic reasons or because of trade jealousy, will report the facts. But at present, even if they see a shipment going out, they have no way of knowing that the matter should be reported. Also, secrecy results in attempts to sell when the merchant would not make such an attempt if informed that the article was on the prohibited list. As an example, in a participating country, the local agent of a manufacturer in the United States has a large order for a certain item and most of the customers are behind the iron curtain. Neither he nor his company can understand why the order cannot be shipped and much time has been consumed in handling this matter. It could all be settled very easily if someone would tell the manufacturer and his

agent that the item in question is on the I-B list and the quantity is too great.

Lack of knowledge

During the course of the investigation, in practically every country instances were discovered of lack of knowledge on the part of department and division heads of what was actually going on. Illustrative of this is a conversation in Paris on June 14 with the acting head of the East-West Trade Division in ECA, Washington, who stated in effect that up to May 1, ECA in Washington had been under the impression that everything in Europe was under control, at least on the basis of the British list (which is our I-A list minus thirty-odd items), but that the investigation by agents of the joint committee had uncovered many things which had not been known in Washington.

It may be here stated that nothing was discovered in Europe by agents of the joint committee which could not have been discovered by the responsible officers in the executive departments if they had left their offices and had made the necessary personal inspections of their respective departments or divisions, so that they could have seen for themselves what was being done, by whom, and how. The remedy for the situation found to exist is to revive and enforce the rule that a responsible officer does not shed responsibility merely by issuing an order to subordinates to implement a decision or to see to it that things are run efficiently.

On page 220 of the ECA Report on Recovery Progress and United States Aid (ECA Basic Document) it is stated that "the Administrator has supported east-west trade within the limits of national security."

The foundation upon which that statement rests is obviously reports made to the Administrator by subordinates, but the plain and simple fact is that the Administrator did not know, and had no way of finding out, whether or not that statement was warranted by existing conditions.

Many other instances were found where reliance had obviously been placed upon reports made by someone who also had made no personal inspection. The danger of relying upon such reports is illustrated by the second part of the above conversation, in which the agent of the joint committee was informed that a certain participating country was cooperating and "cracking down on transit trade." Such a statement, if accepted and incorporated in a report, since it was pleasant news, would necessarily have led to erroneous conclusions, because the agent had just been in that country and had been informed by our representatives on the spot that the country in question had no intention of cooperating with the United States in the control of its transit trade. Consequently, the question was asked as to what happened when that country "cracked down" and the answer was that the officers of the country watched the transit trade and told our representatives what was going through. The information was not true; but even if true, such activity could hardly be described as "cracking down."

In another participating country our representative received a cable instructing him to immediately contact the officials of this country to obtain their agreement to conform their operations to the British list, the cable stating that other countries had done so and that the country in question could be accused of dragging its feet if it delayed. Our representative immediately contacted the officials of the country in question and was informed by them that his information was incorrect, and that no country except the United Kingdom itself had agreed to the British list. This misinformation unnecessarily embarrassed our representative, who should have been told the exact facts, which were that negotiations were still pending with the other countries named in the cable.

The situation in the Bizone was particularly bad. The matter of control over exports, imports, and transit trade was divided into such small pieces and so scattered about among various divisions, branches, and agencies, both German and American, that people at the operating level did not know what others were doing nor did superiors know what subordinates were doing and they had even less idea of what other divisions and branches were doing in connection with the same matter. It was assumed by practically everybody that the situation was well under control but always because of the activity of someone else upon whom reliance was placed to safeguard our interests. Invariably, however, upon investigation it developed that the someone else did not have his routine set up to do, and actually was not doing, whatever it was that he was assumed to be doing.

No one in the export control branch of JEIA knew how many export documents were issued to German exporters or what happened to them after the exporter took them away, but it was assumed that all transactions received a post audit. The head of this branch also assumed that ECA and JEIA cooperated on all exports.

When those officials of JEIA were taken through their procedures, step by step, it developed that controls over exports to participating countries (subject to transshipment) were operated entirely by German authorities and neither ECA nor JEIA ever received any information on this part of the export business. Transshipments will be discussed under the heading Transit trade.

With respect to exports direct to iron-curtain countries, the German exporter filed with JEIA three copies of his application, which became a certificate of approval when signed by JEIA.⁴ The certificate could be on a form printed commercially or could be type-written by the exporter. Both types were inspected and each had blank lines on them which could be filled in with other items by the exporter after JEIA had signed them and handed all copies back to the exporter.

The signed certificates of approval were then taken by the exporter to any one of 300 German banks which had authority to issue the ECD (export-control document). The bank kept one copy of the certificate of approval and handed the others back to the exporter, together with four copies of the ECD. The bank kept the fifth copy of the ECD in its files and sent the sixth to the JEIA field office in the territory in which the exporter was located. The bank could issue several separate ECD's, each covering an item on the certificate of approval, but no one checked the bank to see that a clerk had not issued several ECD's for each item. This would be most important if the exporter had added some I-A items to the certificate subsequent to receiving it back after approval by JEIA.

In any event, the four copies of the ECD accompanied the goods to the border, where they were checked by the German customs officials who, in the opinion of the American officer in charge of the Army detachment which works with them, were cooperative and were doing a good job. German customs picked up three of the four ECD's, retained one for its own files, sent one to the Bizone German statistical office and the third to the JEIA statistical office, which, however, did not check it, being interested only in the compiling of statistics of trade—that is, value and broad type of commodity, date, and country of destination. Thus, no used copy of the ECD was ever returned to an office which had a copy of the document as originally issued and there was literally no copy existent of the certificate of approval which could be accepted as being untampered with

and in its original state when signed by JEIA and before it was delivered to the exporter.

This tremendous mass of paper work had produced no control which could not be easily evaded, and that without the slightest danger of later discovery.

Inasmuch as the Bizone is a producer of many articles of strategic importance, it seems clear that, unless the situation which has existed there is remedied, the whole plan of preventing the shipment of such articles behind the iron curtain may collapse, because participating nations cannot be expected to refuse to issue export licenses if the articles can be easily obtained in the Bizone.

It may be here stated that the Bizone compared most unfavorably to Austria, where the cordial relations existing between ECA and the military resulted in what appeared to be the most cooperative and efficient operation seen in any of the countries visited.⁵

Transit trade

The free ports of Europe have back of them traditions which are several centuries old and no country wishes to impose new restrictions upon them, particularly when the only probable result would be to drive the transit trade to the ports of some other country. Effective direct control in this field clearly depends upon the unanimous action of many countries and hope of that had better be abandoned, at least for the immediate future.

The change from a seller's to a buyer's market will undoubtedly accentuate the importance of this phase of world trade. As business falls off and the pressure to make sales to keep factories going becomes greater, and as export controls on direct shipments get tighter, it may be expected that individual manufacturers in various countries, including our own, will look around for legal loopholes which will permit the sale and shipment of prohibited articles. The transit trade extends an open invitation, offering, as it does, the defense that the exporter did not know the ultimate destination.

Under the present procedure, which varies little from country to country, a merchant in any participating country can order merchandise shipped to him from, say, the United States, and upon arrival at the port of his country have it unloaded in the free port area, where it is placed under guard by the customs officials, but only for the purpose of preventing entry into the country without payment of customs dues. No import license is required for entry into the free port. The merchant may then order the merchandise sent to a customer behind the iron curtain (or to any other place, for that matter) and no export license is required, because it is considered that the merchandise had never entered into the economy of the country in question.

Although the situation differs slightly in the various participating countries, it may be said that generally a license for the export of an article of strategic importance will issue almost automatically if the destination stated in the application be another participating country. Strangely enough, the most difficult participating country to deal with in this field has been the Bizone. While admitting in correspondence with our representatives in other parts of Europe that it was "unquestionably true" that there have been bad leaks of strategic articles from the Bizone, the authorities there have adamantly refused to have anything to do with screening exports to participating countries. In fact, the agent of the joint committee was informed by the economic adviser to the military governor that it would take an order from Washington to change the then-exist-

ing procedure of having export licenses to participating countries handled exclusively by German authorities.

The principal difficulty in controlling transit trade is that practically all countries, including our own, attempt to shift onto someone else the responsibility of dealing with it.

The theory in operation at present is that the burden should be placed upon the country of destination to prevent transshipment. This ignores the fact that neither an import nor subsequent export license is required unless the article is to be brought into the economy of the purchaser's country, and such is not the case with transshipments. The remedy for this situation is to impose export controls upon shipments to all countries of articles of strategic importance, and to require the exporter to name his customer and to present the customer's import license with the application for export.⁶ The exporting country should then be required to check the proposed end use in the importing country, which can be done through its representatives in that country. The proposed method sounds very complicated and hard to work but, in reality, there is nothing difficult about it, given the required personnel. That part of the suggestion pertaining to the issuance of the import license before the customer can make his purchase is now in operation in one country and the end use investigation by our representatives in the importing country upon cabled request from the exporting country is now in operation in a few other countries. Putting the two together should be no great task, particularly if, with the elimination of secrecy, the telephone can be used and messages back and forth need not go through two code rooms.

Extent of list of restricted articles

Although it is recommended that direction over the complete export control operation should be centered in one place instead of scattered throughout several departments and agencies and although secrecy should be entirely eliminated and an agreement reached by all countries on what items are to be controlled, this does not mean that some inflexible paper system must be created, pursuant to which all countries, acting in concert, must do the same thing at the same time and in the same way. The countries differ in size, location, extent of indigenous production, historical attachment to neutrality, reliance upon transit trade, and dependence upon ECA aid. Export control can be imposed in some countries administratively and in others through operation of law, openly published, as in the United Kingdom. Whatever the system, however, there must be a frank exchange of information to allay suspicions of cheating, which the investigation disclosed were prevalent.

The extent of the list of restricted articles seems to be the core of the problem. In between the extremes, found in all countries, of the trade-conscious official who wishes to ship practically everything and the security-conscious official who wishes to ship practically nothing, other officials have operated, attempting to safeguard security without killing all trade. Proceeding independently, each country for itself, it could not be expected that results produced would be uniform.

So, up to the present, natural evolution has brought about—

- (a) The United States I-A list, which several countries follow;
- (b) The British list, which several other countries follow; and

⁶ In the case of the United States, the possibility of transshipments from Western Hemisphere countries should not be overlooked. Participating nations can do nothing about this situation.

⁴ In the event that the export of an article also required the approval of the German Economic Administration, because of the effect of the export upon German economy, 4 copies were executed.

⁵ The controller of the ECA mission had been excluded from this field, but, as already noted, the change in system should have remedied this situation by now.

(c) Separate lists in a few countries which, however, refuse to disclose, or even discuss, the contents.

Cutting across (a) and (b) are suggested additional articles controlled in some countries which are not on our list—and these countries cannot understand why not.

The problem of those participating nations, with a strong tradition of neutrality, which still cling to the hope of an indefinite continuation of that status, presents additional difficulties. Nothing said herein is intended to imply that our representatives have not done all they could under the circumstances and no suggestions for further activity are made. We must, it seems, wait for the realization to come that if existing antagonisms between the western Asiatic civilization and our own come to a head, no country will be an oasis.

It is the general feeling of our representatives abroad, in which the agent of the joint committee joins, that the shorter the list the more efficient will be the operation. Consideration should be given to a short list of really strategic articles, without which war cannot be waged, as an alternative to a long list. It may also be said that the shorter the list, the fewer disputes there will be and the less chance there will be of a purchaser being able to obtain in one country an article which another country will not export. As the situation exists today, with the British having one list and the United States another, and some participating countries inclining to one list and some to the other, a fertile field exists for suspicions and doubts, and a country following our list is bound to lose trade to a country following the shorter British list. That has actually happened and we have not been entirely blameless ourselves in authorizing the export of certain articles after another country has refused.

Although agreement upon the articles to be included in a list appears to be mainly a technical question which the military men in the various countries should settle in short order if left to themselves, difficulties of description should not be overlooked, because the definitions used should be (1) precise enough to stand up in court if it be necessary to prosecute a violator of control regulations, (2) not so broad as to include articles the export of which it is not intended to prohibit, and (3) simple enough for customs officials to understand and apply.

PART II. END-USE CHECKING

This section of the report deals with checking by ECA of the arrival, distribution, and use of ECA-financed articles, such as wheat, cotton, tractors, copper, etc. The fact that the article may also be of strategic importance causes no change in procedure, as the object of the investigation by ECA is to see that goods paid for actually arrive and are distributed to the purchaser who is supposed to receive them.

Up to the middle of June 1949 such checking had been inconsequential in extent although such end-use checks as had been made were thorough and informative. This failure in performance is not attributable to incompetent personnel, but rather to other reasons explained below.

Lack of personnel

As of June 1, 1949, the controller's office in Europe consisted of 45 Americans, 19 American secretaries, and 43 aliens, spread over 13 countries and the office of the special representative. The limit of one man's ability in end-use checking is two or three jobs a week. The aliens, of course, are not available for use in checking when security problems are involved, and the 45 Americans naturally are not all available for end-use checking. A rough estimate of the end-use checks possible with the personnel then available is about 50 a week in all of the countries put together. This, obviously,

could no more than scratch the surface, even though the checks which have been made are good.

As the Administrator states in his letter to the chairman of the joint committee, "ECA has been cognizant of the fact that more manpower is necessary," and its budget for the current fiscal year contemplates an expansion in the controller's staff in Europe.

The joint committee brought this matter to the attention of the Committee on Appropriations of the Senate, and the following language is found in its report (S. Rept. 812, pp. 6-7):

"The committee allowed the full request of \$16,500,000 for administrative expenses, and took special cognizance of the increase requested for the controller's offices abroad. It is felt that these offices are a most sensitive and vital aspect of the proper administration of the Economic Cooperative Administration and the committee expects the offices of the controller to be implemented as indicated in the budget justification. For fiscal 1950 the budget proposal indicates additions of 47 American personnel to these offices. It is the view of the committee that such increase is entirely justified and should be accomplished as expeditiously as feasible."

The increase in personnel will undoubtedly result in more extensive checking, but the fact must be frankly faced that the controllers abroad will not be able to do more than to keep an eye on the reporting systems installed and operated by the participating countries themselves and to spot-check on various specific shipments. Anything more than that would require a tremendous staff which would undoubtedly cost more than the additional work produced would be worth.

To supplement the controller's staff, ECA has engaged, in some countries, the services of Société Générale de Surveillance S. A., a Swiss firm of good reputation, to check all arrivals of ECA-financed goods and to spot-check end use in 10 to 25 percent of the cases. The fees and expenses of this firm are paid in counterpart funds and not out of ECA's dollar appropriation.

Business secrets

The disinclination of foreign businessmen to permit ECA controllers to make inspections of records and factories required by a proper end-use check, particularly of raw materials, varies in the different participating countries from practically none at all to considerable. In fact, in one country an officer of the local American chamber of commerce undertook to prepare a brochure containing the names of American companies represented by local firms, the objective being to let prospective customers know where they could place orders, but over 70 percent of the local firms refused to furnish the information, stating that the names of the American companies represented by them were confidential information which could not be disclosed. This undoubtedly sets a new record for business secrets, but it also illustrates the difficulties, as an extreme case to be sure, which face controllers who must produce results without at the same time creating antagonisms.

It does not seem that this situation can be treated en masse, by a rule or regulation, but rather that an educational campaign is required, in cooperation with the participating countries.

Cooperation by OEEC

Subsection (b) of section 115 of Public Law 472 (80th Cong.) requires that the participating countries make efficient and practical use of their own resources and of commodities, facilities, and service furnished through ECA. The several countries have so agreed in the bilateral agreements which

each has separately entered into with the United States.⁸ Switzerland.

Subsection (d) of the same section provides:

"The Administrator shall encourage the joint organization of the participating countries referred to in subsection (b) of this section to insure that each participating country makes efficient use of the resources of such country, including any commodities, facilities, or service furnished under this title, by observing and reviewing such use through an effective follow-up system approved by the joint organization."

In July 1948 the controller for the Office of Special Representative met with representatives of OEEC to discuss the matter, but it developed that OEEC had no plans or secretariat to explore the problem. Consequently, the ECA country missions proceeded, more or less independently of each other, to develop whatever procedures were possible to comply with the statute.

In January 1949 the deputy United States Special Representative again called the matter to the attention of OEEC, and in February the controller forwarded to OEEC a memorandum which set forth in considerable detail the system of reporting and checking which ECA considered necessary. An ad hoc working party was then set up by OEEC to make a study and report; and in due course the matter was acted upon by the Council at its meeting on June 27, 1949, as follows:

"The Council, considering article 12 (b) of the convention for European Economic Cooperation of April 16, 1948; considering the decision of the Council of February 16, 1948, on methods of observation and review; and considering the report of the ad hoc working party on systems of observation and review of April 29, 1949, decides—

"1. That to insure the efficient use both of external aid and of indigenous resources, the members shall, on request of the ECA mission in their respective countries and taking into account the provisions of paragraph 2 below—

"(a) furnish to the mission full information in regard to the methods of control of imports and their distribution and use and the control of exports;

"(b) afford to the mission facilities for observation, review, and testing of the effectiveness of such controls;

"(c) furnish to the mission at regular intervals full reports covering all ECA-financed commodities (whether procured on a loan or grant basis) which would identify the commodities by procurement authorization number and establish the fact of their arrival within the country. Where practicable, the reports should identify the first consignee and afford some indication of the time of shipment and reasonable information as to the dates of arrival and the first movement from port of the commodities;

"(d) furnish to the mission special reports of the distribution and use of particular ECA-financed commodities or items to the point of their receipt by the final consignee;

"(e) use their best endeavors to facilitate access by the mission to documents, both of a public and private trade character, which would confirm the facts of arrival and movement of ECA-financed commodities or items;

"(f) afford at convenient times and in reasonable extent, so far as compatible with the laws of the particular participating country, the privilege of personal inspection by representatives of the mission to investigate port controls, witness the arrival and discharge of cargoes, follow the movement of commodities, interview appropriate persons, and take photographs in relation to ECA aid. By negotiation between the mission and the government of the participating country,

⁸ See appendix to this report.

⁸ There is no bilateral agreement with

these privileges may include the use of professional assistance employed by the ECA mission;

"(g) in the case of alleged improper use of ECA aid, afford special assistance to the mission in making investigations and in securing authoritative documents or reports to develop the truth or falsity of the allegation.

"2. The actual extent, form, and manner of the information and facilities to be afforded by a participating country to the ECA mission shall be the subject of negotiation between the government of the participating country and the mission, taking into account the general obligations set out in paragraph 1 above.

"3. Should serious difficulties arise in the case of any member country, or serious problems be presented of an international character, which would require in the opinion of a participating country or of the Office of the Special Representative in Europe the benefit of the counsel and assistance of the organization for the purpose of their solution, a request that a meeting of expert representatives of the countries and of representatives of OSR should be convened, should be addressed to the secretary general, with suggestions as to its terms of reference, for consideration by the executive committee. These experts could make proposals thereon to the Council if necessary.

"4. The present decision shall not apply to members which notify the secretary general that their relations in this respect with the Economic Cooperation Administration are governed by arrangements specially designed to cover their particular position with the effect of dispensing them from the application of the present decision."

Although the time lag was considerable, the importance of this, for the future, lies in the acceptance of the principle that ECA should receive full information on controls and should be permitted to test their effectiveness. This decision of OEEO may be taken as concrete evidence that ECA has made considerable progress in overcoming the usual objections, presented by a minority of the countries, that such investigations constituted an invasion of private papers, interfered with trade, infringed sovereignty, etc. The controller of ECA in Washington states definitely that, since the decision, ECA's difficulties in exercising its privileges of access and inspection have decreased measurably in all of the participating countries except, of course, in Switzerland which receives no ECA-financed goods and where there is no end-use checking by ECA.

PART III. CONCLUSION

It is impossible to even hazard a guess on the extent of trade in I-A articles, although an official of ECA stated that, in his opinion, up to May 1, 1949, there were less than 100 cases of the export of such items in all of the participating countries put together.

Things cannot have been that good, however, because—

(1) In one country 26 separate I-A items were exported in the 4 months beginning December 1948 under existing trade treaties with iron-curtain countries;

(2) In another country our representative estimated that such trade in 1947 amounted to \$1,500,000, and the 1948 trade probably was at least as great;

(3) In the Bizone it was estimated that \$200,000,000 in goods had been smuggled out in 1948, and the Bizone produces many I-A articles;⁹

(4) No information exists as to the amount of I-A articles which have moved through the transit trade; and

(5) Information about the exports of a number of the countries is sketchy in the extreme.

⁹ Rept. No. 2 of the Military Governors of United States and United Kingdom, December 1948, p. 11.

With the increase in European production generally, and the change from a seller's to a buyer's market, both here and abroad, control of the trade in articles of strategic importance must receive more and better attention.

Mr. Hoffman states in his letter that "the export-compliance function of the United States Government is normally carried on by the Department of Commerce, which now has only two or three traveling agents abroad. Unless the Department of Commerce is given a larger appropriation for compliance activities, it will be difficult to increase the effectiveness of United States control in matters of transshipment."¹⁰

A study of the entire field should have led to exactly the opposite conclusion. The foreign operation of the Department of Commerce has been so small that it cannot have been effective except on a spot-check basis, and that to a very moderate extent.

The Department of Commerce has the control organization in the United States, and ECA has its controller's staff and East-West Trade Division abroad. Rather than duplicate organizations, each should call upon the other for assistance in the field in which such other has an operating organization.

It is self-evident that ECA cannot function alone in the field which has been under consideration. It requires, deserves, and should have the fullest cooperation from the Departments of State, National Defense, and Commerce.

All four agencies could very well use an improved system of interdepartmental communication so that decisions can be arrived at promptly and our representatives abroad relieved of the necessity of waiting weeks and sometimes months for the answer to important questions. The elimination of all secrecy will aid materially in this.

Negotiations with the participating nations should be concluded, and questions about the list of prohibited exports and about methods to control the transit trade should be disposed of as speedily as possible.

The situation in Germany should have special attention so that other participating nations may no longer use it as an excuse for not doing better themselves.

Time may well be of the essence in all of these matters.

APPENDIX

HON. PAT MCCARRAN,
*Chairman, Joint Committee on
Foreign Economic Cooperation,
United States Senate.*

DEAR SENATOR MCCARRAN: We wish to thank you for transmitting the reports of Mr. Robert N. Golding in connection with East-West trade matters. His reports have been useful to our people in Washington. His report on the situation in Germany is one of the most complete we have received.

We agree with the majority of the conclusions reached as a result of Mr. Golding's study. In connection with Mr. Golding's criticism of the degree of secrecy relating to east-west trade export controls, some action has already been taken. The so-called I-A and I-B lists have been down-graded to a confidential classification and the Department of Commerce is presently contemplating publishing the lists, embodying them in a large list of all of the items controlled by the United States.

On the question of the length of the I-A embargo list, Mr. Golding has recommended that a shorter list of the most strategic items would be more feasible and more realistic. From the outset ECA has held this position. Other agencies have advocated more extensive lists. The present lists represent a compromise on this point. ECA has in preparation a further analysis of the problem, based on experience to date, which will

¹⁰ See appendix to this report.

be presented shortly for interagency consideration.

Mr. Golding has reported that the present staff of the controller's office in Europe is so small that it cannot "do more than scratch the surface" of the necessary end-use check. ECA has been cognizant of the fact that more manpower is necessary for this purpose. In the budget estimate for administration presented to the Congress early this year, ECA's plans for expansion of the controller's staff in Europe were set forth. Within the limits of its administrative appropriation, ECA will extend the extent of end-use checking carried on by the controller's office. However, as Mr. Golding points out, the export-compliance function of the United States Government is normally carried on by the Department of Commerce, which now has only two or three traveling agents abroad. Unless the Department of Commerce is given a larger appropriation for compliance activities, it will be difficult to increase the effectiveness of United States control in matters of transshipment.

Mr. Golding has mentioned certain problems relating to cooperation between the controller's office and the east-west trade offices of ECA in Europe. This matter has been thoroughly reviewed and the east-west trade offices and the controller's offices in each of the country missions are working closely on all questions of east-west trade control.

We appreciate having the benefit of these reports and shall keep you and your committee informed of any further developments in east-west trade which you may desire.

Sincerely yours,

PAUL G. HOFFMAN,
Administrator.

PROPOSALS FOR COMMITTEES OR COMMISSIONS OF PRIVATE CITIZENS TO PERFORM CERTAIN GOVERNMENTAL FUNCTIONS

Mr. TAFT obtained the floor.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. TAFT. For what purpose does the Senator request that I yield?

Mr. MALONE. In order that I may make, for the RECORD, a statement which will take about 5 minutes.

THE VICE PRESIDENT. Without objection, the Senator from Ohio may yield for that purpose.

Mr. TAFT. Very well; I yield.

Mr. MALONE. Mr. President, many suggestions have recently been made for improving the procedure designed to protect the security of this country, through the appointment of unofficial civilian committees to take the responsibility for the problems which embarrass the administration.

Mr. President, the junior Senator from Nevada flatly rejects all proposals for committees or commissions of private citizens to take over governmental functions. A suggestion has been made for the appointment of leading non-office-holding citizens to form a commission on national security, which the President himself has denounced as a super-government. A more recent suggestion has been made—and this one emanates from administration circles—for the appointment of additional private citizens as a superloyalty board to examine charges that Red sympathizers and poor security risks are in Government posts.

The President already has one so-called Loyalty Review Board, composed of his own unconfirmed appointees. Although generally speaking it has func-

tioned only as a whitewash board, it could serve a useful purpose if the President so desired.

Who are these superhuman beings qualified to be above the officials elected by the people, above duly authorized government?

If they have superqualifications, why are not they elected by the people as their representatives or appointed by the President for his Cabinet? It has been suggested that the leading citizens appointed to these committees would be above the Constitution and its processes, and would somehow be above all others appointed by the President. This Senator has always believed that the President should appoint the best men in the country for his Cabinet, to run the executive branch of the Government. Are the men now being suggested for the super-government posts better men than those now in the President's Cabinet? If so, the President should fire his present Cabinet members and should appoint these men.

Mr. President, the Congress has been a check on the Executive. Its Members are versed in phases in Government questions. If the Congress, elected to represent the people, is not able to determine the questions, who is? Is there any reason why outsiders should come in and try to do our job for us?

I have noted that the persons favoring the establishment of nonpartisan commissions or committees of private citizens to take over processes of government fall, curiously enough, into one of three classifications: (a) Persons who lean toward socialistic aims; (b) persons overly concerned with the present uneasy position of Red sympathizers, who seem to object to the exposé of traitors in the administration; and (c) persons in the administration who want to perpetuate any and all so-called bipartisan moves, so that the administration may share with the Republicans all blame for its failures.

As for a new loyalty review committee, as suggested by administration circles, is there any reason to believe its members would function any better than the members of the present Loyalty Review Board? What is needed is a Loyalty Review Board set up as an independent establishment, with its members appointed by the President and investigated and passed upon by the Senate, as provided in my resolution, Senate Resolution 230, submitted by me on February 17, 1950, and now buried in a Democrat-controlled committee. Such a Board would be accountable to both the President and the Congress, as it should be.

EXTENSION OF RENT CONTROL

Mr. MAYBANK. Mr. President, will the Senator from Ohio yield for a moment, while I ask that the House amendment to the bill (S. 3181) to extend for 1 year the Housing and Rent Act of 1947, as amended, be laid before the Senate?

Mr. TAFT. I yield to the Senator from South Carolina.

The VICE PRESIDENT. Without objection, the Senator from Ohio may yield for the purpose indicated.

Mr. MAYBANK. Mr. President, I ask the Chair to lay before the Senate the

amendment of the House of Representatives to Senate bill 3181, to extend rent control.

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 3181) to extend the Housing and Rent Act of 1947, as amended, and for other purposes, which was, to strike out all after the enacting clause and insert:

That this act may be cited as the "Housing and Rent Act of 1950."

Sec. 2. Section 4 (e) of the Housing and Rent Act of 1947, as amended, is hereby amended by striking out "June 30, 1950" and inserting in lieu thereof "June 30, 1951."

Sec. 3. Section 204 (a) of the Housing and Rent Act of 1947, as amended, is hereby amended by striking out "June 30, 1950" and inserting in lieu thereof "June 30, 1951."

Sec. 4. Section 204 (f) of the Housing and Rent Act of 1947, as amended, is hereby amended to read as follows:

"(f) (1) The provisions of this title, except section 204 (a), shall cease to be in effect at the close of January 31, 1951, except that they shall cease to be in effect at the close of June 30, 1951—

"(A) in any incorporated city, town, or village which, at a time when maximum rents under this title are in effect therein, and prior to January 31, 1951, declares (by resolution of its governing body adopted for that purpose, or by popular referendum, in accordance with local law) that a shortage of rental housing accommodations exists which requires the continuance of rent control in such city, town, or village; and

"(B) in any unincorporated locality in a defense-rental area in which one or more incorporated cities, towns, or villages constituting the major portion of the defense-rental area have made the declaration specified in subparagraph (A) at a time when maximum rents under this title were in effect in such unincorporated locality.

"(2) Any incorporated city, town, or village which makes the declaration specified in paragraph (1) (A) of this subsection shall notify the Housing Expediter in writing of such action promptly after it has been taken.

"(3) Notwithstanding any provision of paragraph (1) of this subsection, the provisions of this title shall cease to be in effect upon the date of a proclamation by the President or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this title is not necessary because of the existence of an emergency, whichever date is the earlier.

"(4) Notwithstanding any provision of paragraph (1) or (3) of this subsection, the provisions of this title and regulations, orders, and requirements thereunder shall be treated as still remaining in force for the purpose of sustaining any proper suit or action with respect to any right or liability incurred prior to the termination date specified in such paragraph."

Sec. 5. Section 204 (j) (3) of the Housing and Rent Act of 1947 as amended is hereby amended to read as follows:

"(3) The Housing Expediter shall terminate the provisions of this title in any incorporated city, town, village, or in the unincorporated area of any county upon receipt of a resolution of its governing body adopted for that purpose in accordance with applicable local law and based upon a finding by such governing body reached as the result of a public hearing held after 10 days' notice, that there no longer exists such a shortage in rental housing accommodations as to require rent control in such city, town, village, or unincorporated area in such county: *Provided*, That where the major portion of a defense-rental area has been decontrolled pursuant to this paragraph (3), the Housing

Expediter shall decontrol any unincorporated locality in the remainder of such area."

Sec. 6. Nothing in this act or in the Housing and Rent Act of 1947, as amended, shall be construed to require any person to offer any housing accommodations for rent.

Sec. 7. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the act, and the applicability of such provision to other persons or circumstances, shall not be affected thereby.

Sec. 8. This act shall become effective on the first day of the first calendar month following the month in which it is enacted.

Mr. MAYBANK. Mr. President, I move that the Senate disagree to the amendment of the House, request a conference on the disagreeing votes of the two Houses thereon, and that conferees be appointed by the Chair.

Mr. WHERRY. Mr. President, as a substitute, and on behalf of the Senator from Washington [Mr. CAIN], I move that the Senate amend the amendment of the House by striking out "7 months" and inserting in lieu thereof "6 months". I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Ohio has the floor, and he cannot be taken from the floor by the suggestion of the absence of a quorum.

Mr. TAFT. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. TAFT. Is the motion in order?

Mr. WHERRY. No; not unless the Senator from Ohio yields for that purpose.

Mr. TAFT. I mean, is it in order, anyway?

The VICE PRESIDENT. Not unless the Senator yields, and the Chair is not sure, even when he has yielded, that the motion of the Senator from Nebraska would be in order.

Mr. TAFT. Mr. President, I do not intend to yield for the purpose of a quorum call, or for the purpose of a general debate on the subject of rent control, to which it would undoubtedly lead.

The VICE PRESIDENT. The Senator from Ohio declines to yield.

SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public-assistance and child-welfare provisions of the Social Security Act, and for other purposes.

The VICE PRESIDENT. The Senator from Ohio has the floor.

Mr. LUCAS. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. LUCAS. I offer amendments to the pending bill (H. R. 6000) on behalf of myself, the Senator from Alabama [Mr. HILL], the Senator from New York [Mr. LEHMAN], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New York [Mr. Ives], the Senator from Massachusetts [Mr. LODGE], and the Senator from Illinois [Mr. DOUGLAS].

The amendments provide for coverage on a mandatory basis of the employees

of transit systems operated by municipalities or other political subdivisions of States. I should like to have the amendments printed and lie on the table.

Mr. TAFT. Mr. President, will the Senator be willing to add my name as a cosponsor of the amendments? I had intended to offer an amendment of the same sort myself.

Mr. LUCAS. I shall be very glad to do so.

The VICE PRESIDENT. Does the Senator from Illinois offer the amendments as the pending question, or to be printed and lie on the table? There is no pending amendment, other than the committee amendment.

Mr. LUCAS. Very well; I offer the amendments as the pending question, and I add as a cosponsor of the amendments the name of the distinguished senior Senator from Ohio [Mr. TAFT].

The amendments submitted by Mr. LUCAS (for himself and other Senators) are as follows:

On page 246, beginning with line 13, strike out all down to and including line 24 and insert in lieu thereof the following:

"(8) (A) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions (other than service included under an agreement under sec. 218 and other than service performed in the employ of a State, political subdivision, or instrumentality in connection with the operation of any public-transportation system the whole or any part of which was acquired after 1936).

"(B) Service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1410 of the Internal Revenue Code (other than service included under an agreement under sec. 218)."

On page 328, beginning with line 8, strike out all down to and including line 16 and insert in lieu thereof the following:

"(8) (A) Service performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more State or political subdivisions (other than service performed in the employ of a State, political subdivision of any public-transportation system the whole or any part of which was acquired after 1936).

"(B) Service performed in the employ of any instrumentality of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, immune under the Constitution of the United States from the tax imposed by section 1410."

Mr. LUCAS. Mr. President, in connection with the amendments, I ask unanimous consent that a short statement of explanation be printed in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TRANSIT EMPLOYEES AMENDMENT TO H. R. 6000

This amendment provides for coverage on a mandatory basis for the employees of transit systems operated by municipalities or other political subdivisions of States. This result is obtained by amending the section defining "employment" so that service for publicly operated transportation systems is included within the types of employment covered by the old-age and survivors insur-

ance program. Employees of all transportation systems taken over by municipalities or political subdivisions of States after 1936 would be brought under the social-security system by this amendment.

The comparable provision included in the House bill would have covered only the employees who worked for the transit company at the time it was taken over by the municipality. Representatives of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America testified against this provision. The amendment proposed here would meet with their approval.

In the Senate Finance Committee the sections providing for special treatment for this group of employees were dropped. Under the committee bill they will be covered only if they qualify under the section pertaining to public employees generally. This means they can obtain social-security coverage only if they do not have a retirement plan and if the State legislature enters into a compact with the Federal Security Administrator providing for the coverage of the transit employees.

The VICE PRESIDENT. The question is on agreeing to the amendments offered by the Senator from Illinois for himself and other Senators.

Mr. LUCAS. Mr. President, I also offer an amendment to the bill, on behalf of myself and the Senator from Rhode Island [Mr. GREEN]. The amendment would amend the Social Security Act by adding a new title providing for the payment of insurance benefits by the Federal Government under certain circumstances. The amendment is entirely different from the present provisions of the bill.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. LUCAS. Mr. President, in connection with the amendment just offered on behalf of myself and the Senator from Rhode Island [Mr. GREEN], which provides for the establishment of a fund to be used for grants to State unemployment compensation systems which are being depleted, I ask unanimous consent that a short statement of explanation of the amendment may be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

GRANTS TO STATE UNEMPLOYMENT FUNDS

Section 404 of H. R. 6000 was inserted by the Senate Finance Committee. It provides for the reestablishment of a loan fund for State unemployment compensation systems which are being depleted.

This amendment would delete that section and provide instead for grants to State systems which are being depleted. In order to implement this provision for grants, the funds collected by the Federal unemployment tax would be earmarked so that a Federal fund would be accumulated for this purpose.

Title 12 was originally enacted in 1944 and is the loan provision extended by section 404 of the committee bill. This amendment provides a new title 12.

A State would be entitled to a reinsurance grant for any calendar quarter commencing after October 1, 1950, if that State's unemployment fund is less than the amount of the compensation paid by the State during the preceding 6 months. In order to qualify for such a grant after December 31, 1952, a State whose unemployment fund is being depleted must have had a minimum payroll tax of 1.2 percent.

Under this amendment the size of the grant will be equal to three-fourths of the excess of the compensation payable during the quarter over 2 percent of the taxable payroll, except that after June 30, 1953, increases in the compensation within the year preceding the application for a grant shall be disregarded.

The last paragraph of the amendment earmarks for the Federal unemployment account the funds collected under the Unemployment Tax Act which are not used for the payment of administrative expenses.

The other sections of the amendment provide for the administration of the grant program by the Secretary of Labor.

ARGUMENT FOR THE AMENDMENT

Although the loan fund now contained in title 12 of the Social Security Act has been in existence since 1944, it has not been used. This, of course, can be explained by the fact that most State unemployment compensation systems were not depleted during those years of high employment. However, as unemployment in local areas does increase, it becomes more and more obvious that the provision for loans is completely inadequate.

In at least 28 States there would be serious constitutional questions with respect to the State borrowing money in this way. This in itself is a major argument against reliance on such a loan provision.

The unemployment compensation program is financed by a payroll tax. As employment decreases, the total revenue from this tax is greatly reduced. At the same time, increasing unemployment brings an increased drain upon the unemployment compensation fund of the State. The loan provision would require the State to go further into debt under these circumstances. The loan would have to be repaid, but the State has no foreseeable means of repaying it. The States in which the unemployment funds are being depleted will have ever-increasing financial difficulties under this loan provision.

A provision for grants to the unemployment-compensation funds which are being depleted because of high unemployment in particular States will more adequately meet the needs of these States. It seems proper to use the funds collected from a payroll tax designed to provide unemployment compensation for this purpose. In the past these funds have gone into general revenue. At the present time, up to 90 percent of the Federal unemployment tax may be paid to approved State unemployment-compensation funds. The other 10 percent of the Federal tax is collected by the Federal Government. Administrative expenses have been met from these collections, but the excess has gone into general revenue. If these amounts were transferred to a Federal unemployment account over a period of years, a fund would be built up which could be used to aid State funds which are being depleted.

The amendment does not change the present arrangement of State administration of these funds. The amendment provides for certain conditions which must be met by any State before a grant will be available. If that State's unemployment fund is being depleted, the State must provide a payroll tax of at least 1.2 percent before any grant will be available.

Mr. LUCAS. Mr. President, I also offer and send to the desk an amendment on behalf of myself and the Senator from Pennsylvania [Mr. MYERS]. The amendment provides for assistance payments to the caretakers of dependent children. The amendment is in line with what the House of Representatives agreed to, but what the Senate Finance Committee saw fit to eliminate.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. LUCAS. Mr. President, in connection with this amendment offered on behalf of the Senator from Pennsylvania [Mr. MYERS] and myself, I ask unanimous consent that a short explanation of that amendment be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

AN AMENDMENT TO PROVIDE FOR ASSISTANCE PAYMENTS TO THE CARETAKER OF DEPENDENT CHILDREN

H. R. 6000, as passed by the House, provided for Federal sharing in aid furnished to meet the needs of the relative with whom a dependent child receiving aid is living, to the same extent as it shares in the cost of aid furnished dependent children. The maximum individual payment to be counted for this purpose would be the same as for the first dependent child.

The Senate Finance Committee omitted this provision from the bill it reported. This amendment would insert into the bill the provisions as passed by the House of Representatives.

ANALYSIS OF AMENDMENT

The desired result is obtained by amending the following sections of the committee bill:

Section 321

The changes on page 378 of the bill are necessary to prevent a recipient of old-age assistance from also receiving a benefit payment as a caretaker of a dependent child.

Section 322

This section in the bill amends section 403 (a) of the Social Security Act by increasing the maximum amount for the first child from \$27 to \$30 and the amount for the other children from \$18 to \$20. In order to provide for payments to the caretaker it is necessary to restate this entire section, including the formula for Federal matching of funds. (Three-fourths of the first \$12 and one-half of the excess up to the individual maximums of \$30 for the first child and the caretaker and \$20 for each additional dependent child.) This means that up to \$18 of Federal funds will be available for each caretaker.

This provision would take effect October 1, 1950.

Section 323

This section is amended (p. 379, line 10) so that the definition of aid to dependent children will include payments to the relative with whom a dependent child is living. The relatives already specified by existing law are father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, or aunt.

Section 341

This section is amended (p. 381, line 14) so that persons receiving aid as the caretaker of dependent children shall not also be entitled to assistance under the aid-to-the-blind program.

ARGUMENT FOR THE AMENDMENT

The program in the past has provided aid to the dependent children, but has made no provision for the parent or relative with whom the children are staying. This does not seem proper or sensible. If the problem of providing in some way for dependent children is to be met at all through the combined efforts of State and Federal financing, it would seem only sensible to make that aid available in such a way that the parent or relative may properly care for the child.

The existing law is completely inadequate in recognizing the fact that dependent children qualify as such only if one or both of the

parents are away from the home and they meet a needs test. The program should be administered in such a way that the home that is available may be kept intact. This necessitates some provision for the parent or relative with whom the children are staying.

The American Legion has actively sponsored this amendment.

Mr. TAFT. Mr. President, the pending bill attempts to improve the system of old-age and survivors insurance, which has been in effect for a period of 14 years. That system has been frequently criticized. I remember the distinguished Senator from California [Mr. DOWNEY] made a speech which lasted throughout an entire day, pointing out the inequalities and unsoundness of this system. Certainly it is long overdue for improvement. The general purposes of the present bill have now been endorsed by both political parties for a period of probably as much as 8 years. I know they were endorsed in the Republican platform of 1944. In the Republican platform of 1948 we favored "extension of the Federal old-age and survivors insurance program and an increase of the benefits to a more realistic level." In the statement of Republican principles and objectives adopted by the Republican Members of the House and Senate about the 1st of February of this year, as I recall, and also by the Republican National Committee, we undertook this obligation:

The obligation of government to those in need has long been recognized. Recognizing the inequities and injustices of the present program of social security, we urge (a) the extension of the coverage of the Federal old-age and survivors insurance program, reduction of eligibility requirements, and increase of benefits to a more generous level, with due regard to the tax burden on those who labor; (b) a thoroughgoing study of a program of more nearly universal coverage, including the principle of pay-as-you-go.

The pending bill does exactly what was at that time proposed. It extends the coverage of the Federal old-age and survivors insurance program by including, as I remember the number, including 7,000,000 or 8,000,000 people under 65 years of age who are not now included, and it reduces the eligibility requirements by giving what is called the "new start," so that anyone who starts now to pay will, after about a year and a half, I believe, or after six quarters of covered employment, come under the benefits of the system. It increases the benefits to a more generous level, by increasing them approximately by 85 or 90 percent.

I think it should be made perfectly clear what the bill does not do. The present old-age and survivors insurance program provides benefits for about 2,000,000 people over 65 years of age, so far as the payment of benefits at the present time is concerned, although of course many millions more look forward to benefits under it. Those 2,000,000 people are today receiving a wholly inadequate pension, one which is worth about half what it was when the system was inaugurated in 1936.

There are 11,500,000 people over 65 years of age, and the present system does not cover more than 2,000,000. It therefore does not meet the general demand for old-age pension for the people who are over 65 years of age today.

Outside the 2,000,000 receiving benefits under this system, I think about 2,800,000 are getting old-age assistance on a needs basis, through a combination of State and Federal payments, which costs the Federal Government today approximately \$900,000,000.

The pending bill increases the coverage of old-age insurance. I do not think I shall want to discuss the details. There are many detailed questions as to who should be covered and who should not be. In general, the committee tried to cover everyone they thought could be covered on a compulsory basis, where it was practicable, and where there was not a substantial objection on the part of those who are not now covered.

The benefits, as I say, are increased by from 85 percent to 90 percent, both the benefits of those who have already retired, and, of course, the benefits of those who may be retired in the future; and I point out also that the eligibility requirements are reduced.

In addition to the general question of the old-age and survivors insurance, the bill also tries to improve the public assistance programs by which the Federal Government shares on a needs basis with the States in paying old-age assistance aid to the blind and aid to dependent children. The House bill actually increased the Federal share of those payments to an extent which would have cost the Federal Treasury about \$235,000,000 a year in addition to what we now pay. The Senate committee felt, I think very strongly, that there was no particular reason at this time for increasing the Federal proportion, because the Federal Government has a deficit of \$6,000,000,000 a year, while the States are reasonably well off. So there was no reason why the Federal share of these other payments should be increased, and no reason why the total payments should be increased.

One of the objections to the present condition is that the old-age insurance payments to which contributions have been made in the form of taxes average about one-half of the old-age assistance payments to which no contribution is made. One of the purposes is to make the old-age assistance insurance more popular and more attractive by bringing those payments up to a realistic level. Certainly they should be above the old-age assistance payments.

There seems to be no reason to increase old-age assistance payments at this time. The committee made a slight increase in the dependent-children program which has not been entirely satisfactory or sufficiently large to cover all the needy cases throughout the States. Instead of approximately \$225,000,000 in the House bill, the Senate bill increases the total Federal payments by only \$36,000,000. The bill also increases the authorization for services for crippled children, for services for maternal and child health services, and for child welfare services. Those are programs which involve no cash payments to anyone, but simply enable the States to conduct a more comprehensive and satisfactory service in these fields where the need of assistance and State action are clearly recognized.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Vermont.

Mr. AIKEN. Does the bill provide for any reduction in Federal contributions?

Mr. TAFT. No. Old-age assistance is left as it is, and I think the same is true as to the blind. There is a slight increase for assistance to dependent children, and there is an increased authorization for the services to which I have just referred.

I feel that the bill carries out general pledges which have been made by both parties, and I also think it moves in the right direction. The only thing I do not like about the bill is the fact that it still adheres to the so-called social-insurance program. I do not believe it is insurance, and I think the sooner we recognize that old-age pensions are desired by the people on a pay-as-you-go basis, on a universal basis, the better off we shall be. I think social insurance is not, in fact, insurance. It is not anything in the world but the taxing of people to provide free services to other people.

I do not like to have old-age pensions, which are popular and necessary, and of which I approve, used as a basis for extending so-called social insurance to all kinds of other fields of social welfare, and increasing the tremendous expense of welfare service beyond the present means of the people of the country. I do not believe the Federal Government ought to become more involved than it is in the general problem of providing welfare services and providing for the needy throughout the entire Nation.

As I say, this old-age system is not insurance. It started out to be an actuarially sound fund. The fund was to be established by the people who paid taxes in, and then when it reached the proper point they were to take out what they were entitled to as a result of having paid something into the fund. That was very soon abandoned, because the fund was impossible to administer.

If we should try to have an actuarially sound fund invested in good property, it would get up into the neighborhood of \$100,000,000,000, and very soon the fund would own all the property, stocks, and bonds in the United States. It was soon recognized that that could not be done. We could not actually buy all those stocks, so the fund was to be invested in Government bonds. That was nothing but a collection of Government I O U's. We collected a tax, put the tax into the fund, then took the cash out of the fund and put it in Government bonds. Then the Treasury spends the money taken out of the fund. When we come to try to cash in on the fund, we have to tax the people again to pay the interest or the principal on the bonds in the fund. In the last analysis, the fact is that where we have a widely spread old-age pension system and undertake to pay persons over 65 years of age when they are not working, the sum is so large that it is impossible to handle on an actuarially sound basis. In the long run we have to recognize that the only way to pay those sums is for the people who are working at the time to pay the benefits for the people who are not working.

There is no other way to do it. We may as well recognize that at the beginning. If we are going to pay old-age pensions, the only way to do it is to pay it out of contributions of the people who are earning money at the time.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. SMITH of New Jersey. I should like to ask the Senator if I correctly understand his position. Is the Senator proposing that hereafter those presently working will be taxed to pay benefits to those who are 65 and over, but at the same time those presently working will not be contributing to their own retirement benefits?

Mr. TAFT. That is correct. I would favor a universal old-age pension system. At the same time, we might just as well recognize what we are doing. In the old days children were supposed to take care of their parents. That was sometimes done, and sometimes it was not done. Sometimes there were no children to assume the responsibility. For that system we should substitute a system under which all the people under 65 are undertaking to say they will pay old-age pensions to everyone over 65, hoping that when they reach the age of 65 the people who are at that time working will assume the same obligation.

Mr. SMITH of New Jersey. I understand the Senator to take the position that the contributions made by individuals through the years have no relation to their ultimate pensions.

Mr. TAFT. I think there is a slight relation, but the benefits which are paid have only a slight relation to what a man pays in.

I should like to read from a speech made by Representative CARL T. CURTIS, of Nebraska, in the House of Representatives. He said:

Let us consider the case of a man who is now 40 years of age. Let us assume that he has been under old-age and survivors insurance since it started in 1937, that he and his wife are the same age, and that both will reach 65 at the same time. We will also assume that his average monthly wage has been \$200. This man will have paid in in taxes according to the schedule in the present law a sum of \$1,440, and his employer a like amount, or a total of \$2,880.

This amount would have purchased him a monthly benefit of \$14.10 on an actuarial basis. However, under existing law he would draw \$47.95 a month, and his wife would draw \$23.98, or a total of \$71.93. In less than 3½ years he and his wife would draw out everything that he and his employer have paid in, even though he would have been covered for 37 long years. The actuaries say that the total value of all these benefits under existing law is \$9,770. Under the pending measure his benefits will be raised to \$71.10 a month, his wife's to \$35.60 a month, or a total of \$106.70 a month.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield further?

Mr. TAFT. I yield.

Mr. SMITH of New Jersey. Do I correctly understand that the Senator from Ohio would favor a flat pension for everyone, or would he favor a graduated pension?

Mr. TAFT. I favor universal pensions, but the question of whether the pension should be flat or graduated

should be studied by the committee which is proposed to be established under our proposal and which, as I understand, has been approved by the Finance Committee and will be considered by the Senate at about the same time we vote on the bill itself.

Mr. SMITH of New Jersey. I am glad to hear the Senator refer to a committee for studying the question.

Mr. TAFT. The Senator asked about a universal pension system. A flat pension system is in force in England today, but the conditions in England are much more uniform than they are in sections of the United States. I personally, at the moment, should be inclined to favor a flat minimum and then have an increased benefit as people have paid taxes during their life or as they have earned money during the 10 years prior to the time they retired. Under that rule there would be some relation to the amount paid in. I think some relation should be recognized. But it is not very close. Take the case of a man with an average wage of \$50 a month. He pays in a tax matched by his employer. The total tax paid in is \$60 by each, or \$120 over a 10-year period. Under the pending bill he would receive retirement pay of \$22 a month instead of \$20. If he has a wife who is over 65 years of age, he would get \$33 a month. On the other hand, a man earning \$100 a month pays in \$120, twice as much as does the man earning \$50 a month. He retires on only \$27.50 a month, instead of \$22.50 a month which the other fellow gets. There is practically no relation between what he has paid in and what he gets.

Under the new bill, the same thing is roughly true. A man with \$100 average monthly wage would pay \$432 and would receive \$50 a month on retirement. On the other hand, a man with \$200 monthly average wage would pay, or have paid for him, twice as much, or \$864, but his benefit would be only \$65 a month. For the same payment the first man might get \$75 a month for half the money paid in by the single man under the proposed bill.

What I want to point out is that this bill already has gone far toward recognizing the principle of paying to those over 65 years of age a pension, with little relation to what they paid in during their life. In other words, it is no longer insurance. It is something called social insurance. It is not insurance, and, at least up to date, this system has not been very social either, because it has covered only a very small portion of the total number of people who are over 65 years of age.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. SMITH of New Jersey. Did I understand the Senator to say that he disapproves of disability insurance? If so, how does the situation differ between someone who is disabled and someone who is 65 years of age and cannot earn a living?

Mr. TAFT. It is a different subject. In England today they have, I think, eight different payments for social insurance.

Mr. SMITH of New Jersey. I am speaking only of total disability, in the case of a man who is unable to earn a living.

Mr. TAFT. Why take permanent disability? Why not medical services? Why not the whole gamut? People are using the term "social insurance" to cover everything. Social insurance is used as a means of saying that we are going to levy a Federal tax to pay Federal benefits to people for particular things. That is not a Federal field fundamentally. We have accepted the principle in old-age pensions for people over 65. We have not accepted it in general relief, in hardship cases, or in hundreds of other instances which may require action by State and local authorities.

As I see it, the general problem of taking care of the unfortunate is primarily one for the States, and ought to be administered by them. We ought not to have a national system. In the case of old-age pensions, the people have thought that it should be a national program, and they have made it a national program. But the moment we use the insurance idea as an excuse to cover other benefits, we shall have the Federal Government take over the entire welfare activities of the United States. We shall be doing the whole thing in Washington, and we shall be administering it from here. It would cost us about three times as much as it would if we left it with the States and assisted them in those fields.

I am willing to consider the general problem of how far the Federal Government should help the States in the matter of permanent disability as a matter of State aid. However, permanent disability is a very minor factor. In total money, it is very small, and it is well within the financial capacity of the States to look after. I see no particular reason, on the basis of necessity, why the Federal Government should be invited in.

The point I have been trying to make is that this bill does not provide insurance, and the sooner we get back to the recognition that what we are doing is simply debating an old-age pension policy and not any general theory of social insurance, the better off we will be.

I regret that we are calling this a social insurance bill. The fact is that the changes that have been made show it is not insurance. Take one thing, for example. Take the fact that we are doubling these payments. If the payments under the old-age and survivors insurance program paid for the benefits, and were intended to pay for the benefits, then certainly we could not double the benefits and maintain that principle. Even if they paid in enough to get the benefit they are supposed to get under the old system, we are now going to give them twice as much. In other words, we are recognizing in this bill that we have an obligation to pay old-age pensions to people who are old, simply because they are old and not because they paid money into the fund.

The one thing I do like about the bill is that it does establish that principle. It destroys the whole idea of insurance even while it uses the term "insurance."

It puts it on the basis of old-age pension, and therefore moves in the direction of universal pension for all over 65, which I think we ought to adopt. I might say that I believe the Committee on Finance would agree with that point of view. The argument which was made against it, and which prevailed, properly so, was that it required such a complete study and such a complete change in the present system that it could not possibly be done in 4 months. We are not going to stay here 4 months longer this year. We felt something ought to be done about the inequities of the present system. The House committee has not even considered plans of that kind, so far as I know. Therefore, they would have to consider the whole thing if we tried to change the system now. However, as I see it, the bill destroys the whole theory of insurance. It recognizes an obligation. Under the new start principle, a man who pays in practically nothing will get \$70 a month. Why should we not give the man who does not pay in anything \$70 a month, or at least \$65 a month? As I see it, we have practically destroyed the theory of social insurance. All I regret is that we still use the name "insurance" when as a matter of fact there is no insurance about it.

Mr. SMITH of New Jersey. I thank the Senator very much.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. I am sure the Senator from Ohio, like all the others of us, has received many communications from people who complain that while they contribute to the cost of the social-security program in the form of increased prices for social services and goods, they are not able to get any of the protection which is afforded by such a program. I further understand that many people have not been covered—and in this class would fall part-time farmers—simply because the committee has not been able to work out any administrative procedure for covering this large number of people. Did the Senator state whether in his opinion a universal program of pensions on a pay-as-you-go basis would afford equitable protection to all these people, whereas at present under the actuarial insurance program no way has been found to extend this protection?

Mr. TAFT. Yes. A universal system would extend to all. It would cover a migrant farm worker as well as a permanent farm worker. In this bill we have not included farmers, because it was not at all clear that they wanted to be included, and we did not include the migratory farm worker because, while I am sure they would like to be included if they could be included, it seemed to us to be very difficult to work out a system with respect to them. We felt we should start to move piece by piece. We included about 900,000 permanent farm workers, covering men who work substantially for the same farmer the year round. In those cases I think we would be covering only about 20 percent of the farmers. Those farmers would have to make returns and pay taxes for their permanent employees,

That seemed to us to be practical. Of course, those are the same farmers who keep proper books anyway. It represents the top 20 percent of the farmers. It seemed to us to be a practical thing to do. Those farmers would keep proper books, just as the storekeeper would keep books, for example, for the men in his employ. Various plans were proposed for stamp books, for example, which migratory workers would be expected to carry around with them, but it was questioned whether any of them would keep those books permanently.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. AIKEN. The fact that farmers have not come forward in large numbers to ask to be covered under social-security programs does not indicate that they do not feel they are entitled to protection on an equitable basis with other groups of people. It simply means that they themselves cannot see how such a program could be worked out, and I am of the opinion that if a universal program, on a pay-as-you-go basis, can be developed, then we will find the farmers in much larger numbers coming forward and saying, "This looks to us as if it would work. We would like to go under it." But they do not want to urge a program which appears administratively impossible, so far as they are concerned.

Mr. TAFT. I think they are right in saying that the payroll tax, while it seems to fall on the employer and employee, really is pretty generally covered into the cost of production. The wages are calculated on a take-home-pay basis. Of course, what the employer pays for himself is included in the cost of production for everybody in the industry, but it adds to the cost, and the consumer pays it.

I believe the National Grange and the Farm Bureau Federation, which were originally opposed to the inclusion of the farmers, favor it today, largely because they think that the farmer, on the basis of prices paid, is helping to pay for the benefits, and is not getting the benefits. I think that is a legitimate complaint. But it would be taken care of in such a universal system as I am suggesting, and toward which we are moving. We are not there yet, but the pending bill moves in that direction.

Mr. AIKEN. The farmers are fully aware of the unfairness of the present program, whereby they pay their share of the cost for the protection of less than a third of the people. There is no inclination on their part, so far as I can see, to deprive of the benefits those who are now getting social-security benefits, but I believe, and I think I can say from first-hand knowledge, that they would be very much in favor of a program which covered all people equitably, and in which all people shared the expenses equitably.

Mr. TAFT. That may be, although we now find that there has not been a great deal of discussion among farmers. We received some letters from farmers for, and some letters from farmers against. The organizations which appeared before the committee favored the program, but they had opposed it in the past, and they

have not been what we might call pressing it very hard.

Of course, when we take 7,000,000 farmers and they all have to pay 2¼ percent tax on their incomes, and not get any benefits, on an average, for about 25 or 30 years, we might find opposition among them to that 2¼ percent tax, which would have to be imposed on them if they were included. So I am not certain that they want it. Whether they do or not I do not know.

Mr. AIKEN. Let me suggest that it is the bookkeeping rather than the tax which makes some of them reluctant to approve the present program.

Mr. TAFT. I think they are correct about that. So in covering only the permanent farm laborers, we have included those working for only 20 percent of the farmers, those who are best off, and probably can keep their records clear.

Mr. President, as I have said, I regret that this is called an insurance program. I think the bill moves toward the universal pension system without getting to it. I do not care to call it insurance, because I do not think it should be taken as a precedent for the extension of insurance to all the other services.

I have here the British plan, and while I am not quite certain that this is exactly what is in effect today, roughly speaking, they have social insurance now for unemployment benefits, including training and rehabilitation.

They have a program for disability benefits, both permanent and temporary, other than industrial.

They have industrial disability benefit pensions and grants, similar to the workman's compensation program which we have in Ohio.

They have retirement pensions, that is, old-age pensions.

They have widows' and guardians' benefits, which are somewhat similar to the survivors' part of our program.

They have a maternity grant and benefit provision. When a woman has a baby, she is insured against the cost of having the baby.

Then there is a marriage grant. I do not know exactly what that is, but apparently it is insurance to pay for the marriage license, or it may be that it is to pay for the honeymoon, I am not certain which. I do not believe it is insurance against the perils of marriage.

Then there is a funeral benefit, to bury one when he dies.

In addition to that, they have national assistance similar to our old-age assistance.

Then they have children's allowances, so that everyone who has a dependent child receives a benefit, except, I think, perhaps, the man who is working does not get any benefit for the first child, but he gets money to help him support additional children.

Then, of course, they have the medical service, which is an additional form of insurance, or is so considered here.

I do not think we should recognize for a moment the social-insurance principle as a good thing in itself. There is an effort to bring all these programs under social insurance, because people think insurance is a nice thing and does not cost anyone anything, if they can

pay for it as it goes, whereas the fact is that it is merely another Federal program taxing the people to pay benefits to other people who are not working, and give them something for nothing.

Mr. President, I think it is important that we do not use whatever we do here as a precedent to extend it to other fields of operation. I think it is important, therefore, that it be not extended to permanent-disability insurance, which is included in the House bill. If we extend it to permanent-disability insurance, then we are going to have to extend it to temporary disability, which means we would pay a man's wages while he is sick or thinks he is sick. Then we move right on to the whole medical program, and pay for his doctor and pay his hospital bill, until the cost of the whole program is something beyond conception.

Just the program we have outlined here today in the pending bill will result in the payment of old-age pensions in 1952, when it goes into full effect, of \$2,236,000,000. In 1952 we will tax the people in payroll taxes about \$3,000,000,000, and we will pay out \$2,236,000,000. In addition to that, we will pay about a billion dollars in Federal contributions for old-age assistance. So that the Federal Government will be paying for old-age benefits approximately \$3,200,000,000.

If that is extended to a universal basis, it will be more expensive. I do not think it will be a great deal more expensive, if the benefits are not too large. The present bill's program grows until in 1960 we will be paying \$3,700,000,000, and by 1990 we will be paying \$10,000,000,000. In other words, it is extremely expensive to support people over 65 years of age who are not working.

It is a program I am willing to see the Government undertake, and I think it is one the people are willing to have the Government undertake, but I do not think that before it gets established we should extend it into other fields which properly belong to the States and the localities, where the obligations are being assumed today by charitable institutions in many cases, by denominational hospitals of all kinds, by the local governments, and by State governments.

Mr. President, I wish to say also that it seems to me clear that we should not increase the allowances we have made for assistance to the States for old-age pensions, or otherwise. The Federal Government has a deficit today of \$6,000,000,000. The States are able to get along, at least, and I see no reason why the Federal contribution to the things the States are doing should be any larger than it is today.

Mr. President, there is one other subject which is likely to come before the Senate, the proposal to increase the wage base from \$3,000 to \$4,200 or \$4,800. Today a man's taxes are figured on his actual wages up to \$3,000 a year. If he gets more than \$3,000 a year, they are still figured on \$3,000 a year. That means that the total tax paid today is 3 percent of \$3,000, or about \$90 per annum for any man. It is a system favorable to persons with very low incomes. On the first \$100 a month of

the average monthly wage an individual gets \$50 a month in benefits when he retires. On the amount over \$100 of the monthly average wage the Senate bill increases the rate from 10 percent to 15 percent. So he receives 50 percent of the first \$100 and 15 percent of the next \$250. If the amount were increased from \$3,000 to \$4,200-\$4,800 the result, of course, would be to increase the tax proportionately. The man who actually receives a \$5,000 income, instead of paying \$90, will pay \$108. He will pay on the \$3,600 figure. But when he comes to receive his benefit he receives only 15 percent of the additional \$600.

Roughly speaking, it is doubtful whether he receives any benefit. The additional tax he would pay over and above what he would have paid on \$3,000 is so large that, although I am not entirely certain, he could buy insurance from private companies for the additional benefit more cheaply than he receives it from the system.

Mr. President, I do not think it is a vital matter. The Senate committee felt it was better to leave the figure at \$3,000. In the first place, there are many private pension funds which are integrated into the \$3,000 level and they would all have to be changed.

The chief effect of increasing the \$3,000 simply seems to be an increase in taxes on everyone who is receiving more than \$3,000. It is of no particular benefit to those receiving more than \$3,000. So I do not regard it as a matter of vital importance, but, on the whole, I see no reason to increase the wage base beyond \$3,000. The House increased it to \$3,600, but by providing 15 percent instead of 10 percent we give a \$3,600 man just as large a benefit under our bill as he was receiving under the House bill with the 10 percent on a somewhat larger base. So that, so far as I can see, the increase in that base is not actually going to give anyone any greater benefits than he receives today, except to the extent perhaps that he pays a much larger tax to receive it.

Mr. President, I feel that we have in this bill fulfilled our obligations, carried out the policy of the Republican Party, and, I think, carried out also the policy of the Democratic Party. In this bill I feel that we are moving in the right direction. I voted for every increase in coverage, I think, because I contend that in the end we ought to cover everyone.

I believe we should insist upon a commission to study the whole problem of a universal pension. I think it can be worked out. I think it can be worked out with very little additional expenditure by the Federal Government over what is being paid today. I think it can be worked out so as to relieve the Federal Government of the \$900,000,000 a year which today we are paying to the States to make the old-age assistance payments. I am only guessing, but I should think that, whereas in 1952 the present program would cost us \$3,200,000,000, for somewhere between \$4,000,000,000 and \$5,000,000,000 a year we can provide a universal old-age pension.

I believe, therefore, that we should pass the bill as a step in the right direc-

tion. I believe we should pass it to eliminate many of the inequities and hardships created by the present system. I believe we should enact it, if for no other reason, simply to bring the figures into accord with the present cost of living. I believe, therefore, that it is a reasonable program carried out on the principles of an old-age pension which we have long adopted in this country. I think we should adhere to the Senate bill substantially. I do not mean to say that many minor amendments are not necessary, but I do not believe we should undertake an extension of the field of disability insurance or other possible phases of coverage. I think as soon as possible we should wipe out the whole idea that this is insurance, and adopt a universal old-age-pension system.

Mr. SCHOEPPPEL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant journal clerk called the roll, and the following Senators answered to their names:

Alken	Hendrickson	Malone
Benton	Hickenlooper	Martin
Brewster	Hill	Maybank
Bricker	Hoey	Millikin
Bridges	Holland	Mundt
Butler	Humphrey	Murray
Byrd	Hunt	Neely
Cain	Ives	O'Mahoney
Capehart	Jenner	Pepper
Chapman	Johnson, Colo.	Robertson
Chavez	Kefauver	Russell
Cordon	Kem	Saltonstall
Darby	Kerr	Schoeppe
Donnell	Kilgore	Smith, Maine
Dworshak	Langer	Smith, N. J.
Eastland	Leahy	Sparkman
Eaton	Lehman	Stennis
Ellender	Lodge	Taft
Ferguson	Lucas	Thomas, Utah
Flanders	McCarran	Thye
Fulbright	McCarthy	Tydings
George	McClellan	Watkins
Gillette	McFarland	Wherry
Green	McKellar	Williams
Gurney	McMahon	Withers
Hayden	Magnuson	Young

The PRESIDING OFFICER (Mr. Hoey in the chair). A quorum is present.

The question is on agreeing to the amendment proposed by the Senator from Illinois [Mr. Lucas] for himself and other Senators.

Mr. WHERRY. Mr. President, will the distinguished Senator from Georgia yield at this time for a question?

Mr. GEORGE. I am pleased to yield.

Mr. WHERRY. Mr. President, we have just had a quorum call. Some reference was made by the distinguished majority leader to the effect that a unanimous-consent agreement might be worked out, agreeable to Members of the Senate, to vote on all amendments and also on final passage of the pending bill. Does not the distinguished Senator from Georgia feel that this would be a proper time to present the request which has been worked out? I hope it will be satisfactory to Members of the Senate.

Mr. GEORGE. Mr. President, I am pleased to present the unanimous-consent request at this time. It is agreeable to the Senator from Colorado [Mr. MILLIKIN], the leader on the minority side of the committee. I send to the desk the proposed agreement and ask that it be read.

The proposed unanimous-consent agreement was read by the legislative clerk, as follows:

Ordered, That on the calendar day of Tuesday, June 20, 1950, at the hour of 4 o'clock p. m., in connection with the consideration of the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, the Senate proceed to vote upon a resolution (S. Res.) sanctioned by the Senate Committee on Finance, and to be offered by Senators GEORGE and MILLIKIN, authorizing and directing that said committee, or any duly authorized subcommittee thereof, shall continue the study and investigation of social security problems in the United States on general and specific subjects to be described in said resolution, with authorization for employment of such technical, clerical, and other assistance as said committee deems advisable, with authority, for the purposes of the resolution, with the approval of the Committee on Rules and Administration, to request the use of services, information, facilities, and personnel of departments and agencies in the executive branch of the Government, and with provision for the expenses of such investigation, or any amendment that may be proposed thereto; and immediately thereafter proceed to vote, without further debate, except as hereinafter provided, upon any amendment or motion that may be pending or that may be proposed to the foregoing bill H. R. 6000, and upon the final passage of said bill: *Provided*, That no vote on any amendment or motion shall be had prior to said hour of 4 p. m. on said day; that no amendment that is not germane to the subject matter of the bill shall be in order.

Ordered further, That the time between 12 noon and 4 p. m. on said day be equally divided and controlled by Mr. GEORGE and Mr. MILLIKIN.

The PRESIDING OFFICER. Is there objection?

Mr. CAIN. Mr. President, reserving the right to object, may I address a question to the senior Senator from Georgia?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Washington for a question?

Mr. GEORGE. I yield.

Mr. CAIN. Will the resolution, referred to in the proposed agreement, when it becomes the pending business before the Senate, be subject to amendment?

Mr. GEORGE. It will be, under the unanimous-consent agreement.

Mr. CAIN. I thank the Senator.

Mr. MUNDT. Mr. President, reserving the right to object, I wonder whether the Senator from Georgia would be willing to modify the request so as to permit 5 minutes to each side of any amendment that may be offered, for purposes of explanation?

Mr. GEORGE. I have no objection to that. If it is agreeable to other Senators, I shall be glad to modify the request in accordance with the suggestion made by the distinguished Senator from South Dakota.

Mr. MILLIKIN. That is entirely agreeable to me.

The PRESIDING OFFICER. Without objection, the proposed agreement will be modified accordingly. Is there objection to the unanimous consent

agreement, as modified. The Chair hears none, and it is so ordered.

The unanimous-consent agreement, as modified, is as follows:

Ordered, That on the calendar day of Tuesday, June 20, 1950, at the hour of 4 o'clock p. m., in connection with the consideration of the bill (H. R. 6000) to extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes, the Senate proceed to vote upon a resolution (S. Res.) sanctioned by the Senate Committee on Finance, and to be offered by Senators GEORGE and MILLIKIN, authorizing and directing that said committee, or any duly authorized subcommittee thereof, shall continue the study and investigation of social security problems in the United States on general and specific subjects to be described in said resolution, with authorization for employment of such technical, clerical, and other assistance as said committee deems advisable, with authority, for the purposes of the resolution, with the approval of the Committee on Rules and Administration, to request the use of services, information, facilities, and personnel of departments and agencies in the executive branch of the Government, and with provision for the expenses of such investigation, or any amendment that may be proposed thereto; and immediately thereafter proceed to vote, without further debate, except as hereinafter provided, upon any amendment or motion that may be pending or that may be proposed to the foregoing bill H. R. 6000, and upon the final passage of said bill: *Provided*, That no vote on any amendment or motion shall be had prior to said hour of 4 p. m. on said day; that no amendment that is not germane to the subject matter of the bill shall be in order; and that after said hour of 4 o'clock p. m., debate on any amendment or motion shall be limited to not exceeding 10 minutes, to be equally divided between the mover thereof and the Chairman of the Committee on Finance.

Ordered further, That the time between 12 noon and 4 p. m. on said day be equally divided and controlled by Mr. GEORGE and Mr. MILLIKIN.

ORGANIZATION OF THE ARMY AND THE DEPARTMENT OF THE ARMY

The PRESIDING OFFICER (Mr. Hoey in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 8198) to provide for the organization of the Army and the Department of the Army, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. TYDINGS. Mr. President, on June 8, the Senate passed House bill 8198, with an amendment. On June 12 the House requested a conference, and appointed conferees. I move that the Senate insist on its amendment, agree to the conference asked by the House, and that the Chair appoint the following conferees on the part of the Senate: Mr. TYDINGS, Mr. BYRD, Mr. CHAPMAN, Mr. SALTONSTALL, and Mr. CAIN.

The PRESIDING OFFICER. The question is on the motion of the Senator from Maryland.

Mr. WHERRY. Reserving the right to object, am I correct that there is a disagreement on the amendment?

Mr. TYDINGS. That is correct.

Mr. WHERRY. Does the Senator from Maryland care to give us a brief explanation of it?

Mr. TYDINGS. I regret that I am unable to do so at the moment.

Mr. WHERRY. Very well.

Mr. SCHOEPEL. Mr. President, reserving the right to object, may I inquire of the Senator from Maryland whether I understood correctly that he moved that a certain list of Senators designated by him be appointed conferees on the part of the Senate? I understood the Senator to say "the following conferees."

Mr. TYDINGS. The reason the names of the conferees were suggested is that the Senator from Maryland has combed the Armed Services Committee for volunteers. The other members of the committee are tied up, and those listed are the only ones who want to serve. For that reason, I have taken the liberty of suggesting the conferees on the part of the Senate.

The PRESIDING OFFICER. The question is on the motion of the Senator from Maryland.

Mr. DONNELL. Mr. President, I shall not object. However, I have some question as to the advisability of introducing into a motion, as matter of custom, a list of Senators, thus depriving the Presiding Officer of the right to select conferees.

Mr. TYDINGS. The Chair has the right to appoint conferees. What the Senator from Maryland did was simply by way of suggestion and to accommodate members of the Armed Services Committee.

Mr. DONNELL. Would the Senator from Maryland have any objection to rephrasing his motion to state that he moves the appointment of conferees and suggests to the Chair a certain list, rather than making it mandatory?

Mr. TYDINGS. I do not think I suggested that the Chair should appoint the conferees whose names I sent to the desk. I sent the list to the desk in an attempt to aid the Chair in appointing conferees.

Mr. DONNELL. Mr. President, if the Senator will yield again, I think the Senator said—and I most respectfully say this—that he moved that the Chair appoint "the following conferees."

Mr. TYDINGS. Mr. President, I withdraw my previous motion, and move that the Senate insist upon its amendment, request a conference with the House thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. TYDINGS, Mr. BYRD, Mr. CHAPMAN, Mr. SALTONSTALL, and Mr. CAIN conferees on the part of the Senate.

HOUSING AND RENT ACT OF 1947

Mr. MAYBANK. Mr. President, earlier today, when the amendment of the House to Senate bill 3181, the Housing and Rent Act of 1947, was laid before the Senate, I made a unanimous-consent request, because the distinguished Senator from Ohio [Mr. TAFT] was about to speak and I did not desire to take up too much of his time, that the Senate dis-

agree to the House amendment to extend rent control for 7 months—

Mr. THYE. Mr. President, will the Senator yield?

Mr. MAYBANK. Let me finish my statement, please.

I now ask, Mr. President, that action on the matter be taken at this time.

The PRESIDING OFFICER. The House amendment to Senate bill 3181, to extend the Housing and Rent Act of 1947, as amended, and for other purposes, has heretofore today been laid before the Senate, and is now before the Senate.

Mr. MAYBANK. Mr. President, I move that the Senate disagree to the amendment of the House providing for an extension of rent control for 7 months, and request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint conferees on the part of the Senate.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. When the distinguished Senator from South Carolina made a similar motion earlier today a motion was made by the junior Senator from Nebraska in behalf of the junior Senator from Washington [Mr. CAIN]. In view of the fact that the Senator from Ohio [Mr. TAFT] did not yield at that time, there is no record of any action on the matter being taken prior to this time. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. CAIN. Mr. President, will the Senator from South Carolina yield?

Mr. MAYBANK. I yield.

Mr. CAIN. Mr. President, earlier in the day it had been the intention of the junior Senator from Washington to move, with reference to the bill which the Chair has laid before the Senate, that the Senate strike out the 7-month provision recommended by the House and insist on the 6-month provision which the Senate had agreed to on one of the latter days of last week. Since, earlier this morning, the chairman of the Banking and Currency Committee, the senior Senator from South Carolina [Mr. MAYBANK] and the junior Senator from Washington have been in consultation regarding this question. It is the wish of the senior Senator from South Carolina that the bill go to conference at a very early date, and the junior Senator from Washington is by no means endeavoring to obstruct, but it was the agreement that the Senator from Washington might be permitted to pose several questions to the Senator from South Carolina at this time.

Mr. MAYBANK. That is correct.

Mr. CAIN. With the permission of the Senator, I should like to pose the first question, which is this: If the conference report includes a provision extending Federal rent controls for 7 months beyond June 30, 1950, rather than for the period of 6 months which had been agreed to by the Senate, does the senior Senator from South Carolina, the chair-

man of the Banking and Currency Committee of the Senate, believe that such a conference report ought then to be rejected?

Mr. MAYBANK. Of course, I can speak only for myself. I desire to say that I opposed a 7-month extension in the committee. I am personally opposed to a 7-month extension. I think there were only three members of the committee who favored a 7-month extension. The committee was of the belief that a 6-month extension was sufficient.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CAIN. Mr. President, I have two further questions.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and if so, to whom?

Mr. MAYBANK. I yield to the Senator from Minnesota.

Mr. THYE. On the question of an extension of 7 months, it is important to realize that States whose legislative bodies do not convene until 1951 would be compelled to call special sessions, in the event Federal rent controls were removed as of December 31. In the event Federal rent controls were extended for 7 months, the State legislative bodies could convene and deal with the question and not be compelled to go to the expense of calling special sessions.

In a colloquy with the Senator from Illinois [Mr. DOUGLAS], prior to the vote on the rent-control bill, I suggested that rent control should be extended 7 months rather than 6 months. The House accepted such an amendment offered by Representative Judd, of Minnesota. I think the Senate conferees might well consider favorably such an amendment or such a provision when the bill is in conference.

I thank the Senator for yielding.

Mr. MAYBANK. With all my great respect for my distinguished friend from Minnesota, I want to say that the Senate voted overwhelmingly for a 6-months' extension, and I think we are bound by the vote of the Senate. It was discussed on the Senate floor. I am bound by all moral obligations to favor the 6-months' extension. I appreciate what the Senator from Minnesota has said and I also appreciate the statement of the Governor of Minnesota before the committee.

Mr. THYE. The governor is going to testify before the committee with reference to flood disasters in Minnesota. He will appear before the committee at 2:30 o'clock this afternoon. The governor is present, and I should like to have him show the Senator from South Carolina that rent control extension should be for 7 months rather than for 6 months.

Mr. MAYBANK. That may be correct, but the Senate voted for a 6 months' extension. It will be a pleasure for me to meet the governor and to hear his testimony before the committee this afternoon.

Mr. THYE. If the Senator will yield further, I did not press for the amendment on the floor of the Senate, because I realized it would not meet with a friendly reception, and possibly it would be defeated, and, if it were, our oppor-

tunity would be lost. So Representative Judd offered such an amendment in the House and it received a very favorable reception. There were not to exceed two or three votes against the amendment. I believe it is a reasonable extension, and I am sorry that I cannot convince the able chairman of the Committee on Banking and Currency that he should accept the amendment.

Mr. MAYBANK. I can at least assure my distinguished friend from Minnesota and his distinguished governor that there will be some sort of control for the large cities and other communities in Minnesota until they can determine for themselves what they wish to do.

Mr. CAIN. Mr. President, I think the questions and answers as between the Senator from Washington and the Senator from South Carolina are extremely important as we move toward final action on the pending question, which concerns itself with federalized rent controls. I am satisfied that the Senator from South Carolina will not misunderstand my second question, and I am inclined to think that he will wish to respond to it. If by any chance the conference report should include a provision extending Federal rent controls for 7 months, rather than for 6 months, would the chairman of the Committee on Banking and Currency, the senior Senator from South Carolina, be disposed to join with the junior Senator from Washington and other Senators in resisting the conference report in every legitimate and conceivable way? The junior Senator from Washington, sir—and I think it can be understood why—is tremendously interested in determining the actual situation.

Mr. MAYBANK. Mr. President, my only thought with respect to that question which the Senator from Washington has asked me is that in committee I personally opposed a 7-month extension of rent control. I suggested it would be unwise to have such a provision come to the Senate. So far as I am concerned, I am not in favor of a 7-month extension. However, what the conference committee will do is something I do not know. I cannot answer for them. My judgment would be that I would do the best I could to have it made a 6-month extension.

Mr. CAIN. Would the senior Senator from South Carolina venture a guess as to whether in his own opinion there is likely to be or not to be a Federal rent-control law beyond June 30, 1950, if the conference report includes a recommended extension of 7 months instead of 6 months?

Mr. MAYBANK. That is rather a hard question to answer. I do not know who is going to be in the House or who is going to be in the Senate after January 1. I am in the fortunate position of not having to run for office this year. I hope our friends will return and be with us. If the Senator is asking me who is going to come back and who is not going to come back, he is asking me a very difficult question, the answer to which, of course, I do not know. I do not know what the new Congress will do. I will say this, however: That I am in favor

of a 6-month extension, and I shall vote for such an extension.

Mr. CAIN. The substance of my question was misunderstood only in part by the senior Senator from South Carolina. What I am endeavoring to find out is if the conference report comes back with a provision extending the rent-control law for 7 months, does the senior Senator from South Carolina feel that such a conference report would be adopted by the Senate of the United States? It seems to me that if that conference report were rejected there would be no Federal rent-control law beyond June 30.

Mr. MAYBANK. I cannot speak for other Senators, and I do not know what the House will do. I do not not know whom the Presiding Officer is going to appoint on the conference committee. Being chairman of the Committee on Banking and Currency I presume I shall be one of the conferees. If so, I shall hold out to the end for a 6 months' rent-control law. I think that we shall have to have some sort of rent control in some of the larger cities and in some of the States where there has been no opportunity to vote as yet because the legislatures have not met, or where the governor did not have the power to call a special session of the legislature. I think that the local communities and States should take over rent control. That is what we intended last year they should do. However, as I said, we were met with the unfortunate situation of some State legislatures not having met, for example.

Mr. CAIN. I have one other question, Mr. President. If the conference report should return to the floor of the Senate with a provision extending the rent-control law 7 months, would the senior Senator from South Carolina think it unbecoming, unwise, or unreasonable for any single Senator to work in every conceivable and legitimate way to have such conference report rejected by the Senate of the United States, for the fundamental reason that the issue as between 6 and 7 months was previously decided within the Committee on Banking and Currency and was recently resolved on the floor of the United States Senate.

Mr. MAYBANK. I would say that I would agree that the Senate voted for a 6 months' extension, that the Committee on Banking and Currency had the question of a 7 months' extension before it, and that the proposal was defeated in committee. In fact, there were very few Senators who favored a 7 months' extension. As the Senator from Washington has ably stated, I think it would be the duty of any Senator to oppose to the best of his ability anything which the Senate had not approved.

Mr. CAIN. Because of the gracious way in which the senior Senator from South Carolina has answered the questions posed to him by the junior Senator from Washington, and because of the substance included within the responses which the junior Senator from Washington has secured from his friend from South Carolina, the junior Senator from Washington is no longer disposed to move that the Senate strike out the 7 months provision sent to the Senate this

morning by the House, but favors the recommended action of the Senator from South Carolina that the bill now go to conference.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina.

The motion was agreed to; and the Presiding Officer appointed Mr. MAYBANK, Mr. FULBRIGHT, Mr. SPARKMAN, Mr. FLANDERS, and Mr. BRICKER conferees on the part of the Senate.

SURVEY OF ECA IN EUROPE

Mr. MCCARRAN. Mr. President, last fall I spent approximately 3 months in western Europe. As chairman of the Joint Committee on Foreign Economic Cooperation, I spent much time inquiring into the problems connected with the economic assistance which we have been giving to western Europe. Subsequently, I wrote a brief report on that part of my trip. This report is entitled "Survey of ECA in Europe by Senator PAT MCCARRAN," and is Senate Document No. 141.

Mr. President, the Senate will presently be called upon to decide how much money to give to our western European allies for the fiscal year 1950-1951. As I have said again and again, I am in favor of continuing to aid western Europe in its efforts to become and remain economically healthy. However, during my trip last fall I became convinced that complete economic stability for western Europe by 1952 is an impossibility, and I said so in my report of my trip. I, therefore, concluded that further reductions in the amount of aid to be given western Europe in the final 2 years of the Marshall plan would be desirable if for no other reason than that such reductions would materially lessen the shock of final termination of aid in 1952.

So that my "Survey of ECA in Europe" may be read and understood by the Members of Congress, I respectfully request unanimous consent that the entire report which I made following my return from Europe be inserted in the RECORD at this point as a part of my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

SURVEY OF ECA IN EUROPE BY SENATOR PAT MCCARRAN

SCOPE OF STUDY

This report covers my travels in the participating countries during the period September, October, and November. In studying the progress and administration of the ECA in the principal countries, I conferred with the officials of the ECA, the State Department, Department of National Defense, and other United States agencies having first-hand knowledge of the facts, as well as with the government officials of the various countries. More important, I attempted to reach the grass roots, so to speak, of these countries and determine the general feeling of the various peoples as to their understanding of the programs of the United States and their evaluation of the progress their countries are making in economic stabilization.

To the occasional tourist, European recovery appears well along the way. Generally speaking, there is high employment. Production, both industrial and agricultural, is on the increase. An American traveler finds

many items scarce or difficult to obtain. Such items oftentimes are considered ordinary requirements in the United States. However, there is a question whether Europe, at any time, could meet such American requirements inasmuch as they are considered more or less luxuries in Europe.

The businessman traveling in Europe may have a somewhat different idea as to the progress of recovery, particularly if he is engaged in a business which requires the transfer between countries of goods, services, or moneys. He, of course, is met with quotas, restrictions, currency control, and many other barriers to the normal flow of business.

Although I can report considerable, even greater than hoped for, progress toward recovery in Europe, general observations concerning the over-all accomplishments of ECA are apt to be misleading unless made with respect to each country.

PRINCIPAL COUNTRIES STUDIED

France

I arrived in France on September 19 and, before proceeding to Paris, I spent the twentieth and twenty-first in the Normandy section of France. During this time I visited agricultural fairs which were being conducted at this time of year. I discussed with visitors to the fair general conditions and attempted to determine the morale of the average Frenchman from this sort of contact.

I conferred with Mr. Andre, a member of the French Senate, who represented this district, and I attempted to secure his views concerning the economic recovery of France.

On September 22 I met with the chief of the ECA French mission in Paris, Mr. Barry Bingham. I also conferred with Mr. David Bruce, our Ambassador to France, and later with Milton Katz, deputy to Ambassador W. Averell Harriman. Conferences were held with these gentlemen concerning the progress of recovery, the general morale of the people, and the problems immediately confronting the mission in the administration of the present program. On the following day I met with members of Mr. Harriman's staff of the office of the special representative, as well as with additional members of the mission staff, and discussed the industrial and agricultural conditions of France.

In the afternoon I conferred with Mr. Jean Monnet, who is a member of the Prime Minister's council and chief of the planning division for modernization and equipment of French industry. Mr. Monnet is best known for his authorship of what is known as the Monnet plan. Mr. Monnet reported to me considerable progress on his plan of modernization and industrial equipment and was outspoken in his position that the Marshall plan should be ended not later than 1952, and that the participating countries would be well advised to proceed on such an assumption.

Following the conference with Mr. Monnet, I conferred further with Mr. Barry Bingham, chief of the mission; his deputy, Mr. B. E. Lane Timmons; Mr. Kenneth J. Nicholson, chief of food and agriculture branch; Mr. Andrew F. Patterson, controller; Mr. Clay H. Hollister, chief of the industry division; and Mr. Kenneth Douthy, chief of the labor division. The discussion of these meetings went into the development of hydroelectric power in France, the financial situation in France, its long-range agricultural program, and the information program. The matter of the role of French labor in the future of France was also discussed at length by Mr. Douthy, who impressed me as being a most capable and able administrator in the labor field.

On September 26 I conferred with Premier Queuille. My discussions with the Premier covered the principal facets of the ECA program in France, the prospects for the French economy, and the inevitable termination of Marshall-plan aid.

France presents a very difficult picture from the standpoint of evaluating her economic progress. Unquestionably, recovery has been considerable. In nearly every respect, the economy has shown remarkable improvements over 1948 and earlier postwar years. In 1949, gross national product increased over 1948 approximately 9 percent. Balance of payments showed improvement with an over-all increase in exports of more than 40 percent. The internal financial situation was, in relation to prior years, reasonably stable and, for the first time since 1935, the general price level at the end of the year was not significantly higher than at the end of the previous year. Although there was some labor agitation in the fall of 1949, the year was not marred by crippling strikes of long duration similar to those of 1947 and 1948. Investment increased moderately. Two economic fields showed no improvement during the year—that of crop production, which actually declined somewhat as a result of the drought, and exports to dollar areas reflecting dollar earnings remained practically unchanged at the 1948 level.

Industrial production ran extremely high in 1949 but the cost of this production was also extremely high and served to discount much real recovery from the standpoint of competitive economics. A reduction in the cost of production appears absolutely necessary but extremely difficult to obtain because the majority of producers are sheltered from competition by domestic and internal restrictions, which tend to curtail production rather than reduce costs.

Most fuel and raw materials bottlenecks and shortages were eliminated in the early part of the year. Electric power, however, remained on the list of shortages although production in the third quarter was running at 6,700,000,000 kilowatt-hours compared to prewar 4,500,000,000 kilowatt-hours.

By the second half of 1948, real consumption expenditures in France had in total reached the 1938 level. This was true on a per capita basis as well as in the aggregate. The year 1949 showed a further small increase so that the present level of living in France is estimated to be slightly above that in 1938. Per capita food consumption in 1949 was approximately at prewar levels for the most important items in the French diet; namely, cereals, meat, and potatoes. It was substantially lower, however, for fats and oils, dairy products, wine, and sugar. Per capita food consumption was higher for fresh vegetables and fruits.

Food rationing was progressively reduced during the year 1949 so that by the end of the year all items were free.

Of significant importance is the fact that food production has not kept pace with industrial production because weather conditions have not been the best for the past 2 years. Due to the unprecedented droughts, the improvement programed during the ECA period of assistance is falling far behind schedule. More emphasis appears necessary in the utilization of feed and the handling and use of livestock. The need for practical work in extension service is apparent. The possibility of France's becoming self-sufficient in foods is much greater than in any of the other participating countries. Such a prospect should be exploited to the utmost and an endeavor made to fill the dollar gap between exports and imports by reducing imports of food. This gap can be closed by raising more food and by more efficient use of the present production. It is recognized, of course, that the difficulty and the time required for changing the agricultural pursuits of an entire nation is great. This problem nevertheless requires immediate aggressive attention.

Direct ECA aid in 1949-50 will approximate \$673,000,000, a reduction of about one-third from the previous year. Even with a reduction of one-third, the general picture

presents a standard of living comparable with prewar although such a standard could not be maintained without continued American aid of equivalent proportions.

Political stability cannot be maintained on an unsound economic foundation. The present political stability must be considered in relation to the economic conditions. The balance is very delicate. Economic recession would immediately impair the political stability of the present French Government, and the soundness of the present economic situation is not such as to insure continued progress. The danger of the situation seems to be that recovery may have been too rapid and too dependent upon continued outside support in the form of American aid.

In France, as in the other countries visited, I attempted to discover among the people, in general, the attitude concerning ECA and our objectives. As pointed out in the committee report on France, Knowledge of the Marshall Plan in Europe, dated October 14, 1949, the progress in this field has not been encouraging. As a result of conferences concerning this matter, ECA is instituting a more energetic program designed to inform the French populace of the ultimate goal of ourselves and the French Government in the matter of economic recovery.

Germany

On September 27, I traveled to Germany, visiting points in France and Germany before arriving at Frankfurt in the evening of the 28th of September. During my stay in Germany, I visited Frankfurt, Munich, Stuttgart, as well as Heidelberg and other industrial cities.

I conferred in Frankfurt with John McCloy, our High Commissioner in Germany. Discussions were had with Mr. McCloy concerning the economic situation as he found it, having only recently assumed his new duties, and the perplexing problems immediately confronting him in the administration of his office, as well as the economic future of western Germany.

Following discussions with Mr. McCloy and his deputies, conferences were held with Mr. N. H. Collisson, Director of the Office of Economic Affairs, and Chief of the ECA Special Mission to Western Germany; and with Mr. Robert M. Hanes, adviser to Mr. Collisson, and the future ECA Chief in Germany, Mr. Hanes only recently having arrived to relieve Mr. Collisson. Conferences were had with Mr. Earl R. Beckner, Chief of the Manpower Division, Office of Labor Affairs; Mr. Charles Marshall of the German Desk of ECA-Washington, and temporary assistant to Mr. Collisson; Mr. Norman Olmick, Assistant Controller, ECA Special Mission to Western Germany; and Mr. Walter T. Ridder, information officer of the ECA Special Mission to Western Germany.

Discussion with these officials covered the problems of administration under the previous zonal division of western Germany as well as their plans for administration and economic development under the unified plan, and their relations with the Federal Republic of Germany.

Additional conferences were held with representatives of the Department of State and the Department of the Army, many of whom were assuming new duties or liquidating old ones due to the administrative changes in the control of Germany. My travels in Germany acquainted me with the degree of destruction, the patent evidence of recovery, as well as giving me opportunity to find out the general welfare of the people of Germany.

The economy of Germany, which is a vital segment of the economy of Europe, is slowly recovering momentum under the impetus of the new German Government augmented by ECA aid. The recent changes in administration in Germany unifying the zones and clarifying the position of ECA, should considerably increase the rate of recovery. It

is not expected, however, that complete recovery and industrial production can be obtained in western Germany at the same rate of progress as in other participating countries because of the fact of the utter destruction and maladjustment immediately following the war. However, the spirit of recovery is particularly noticeable among the peoples of Germany.

Under the new Federal Republic of Germany, this Government becomes a member of the OEEC by succession rather than as a new member. This procedure was adopted so as to preserve the status of the existing trade agreements as well as the intra-European payments agreement to which Germany, acting through the Allies, had become signatory. During the period of my study in Germany, the administrative processes were not all that could be desired, because of the transfer of functions to the Office of the High Commissioner and the establishment of new organizations designed to implement the new status of Germany.

Industrial production is moving rapidly ahead in Germany. Food production has made rapid strides also. The reconstruction of bombed cities has gone forward rapidly in some areas, more slowly in others. During the period of this study, Germany had been opened to tourists. An exchange rate was established for the German mark so that tourists could spend money in and travel through Germany. Accommodations, although extremely limited because of destruction of housing facilities, appeared quite adequate. Much of the internal reconstruction of buildings, industrial plants, and cities had gone on on a more or less barter basis because of the lack of capital for capital investment. Up until the establishment of the Office of the High Commissioner, counterpart funds accruing as a result of ECA aid had been frozen and, since there was no other means of securing capital investment, activity in this field was practically at a standstill. However, since the establishment of the Office of the High Commissioner, ECA has moved into the economic picture in Germany actively and has begun to release counterpart funds for internal projects requiring capital investment. Releases since this date approximate the equivalent of \$150,000,000 in German Deutschmarks.

It should be noted that the sums accruing from ECA dollar aid in the counterpart fund will not be adequate for the capital investment program necessary for complete recovery. However, the availability of these funds does lessen the problem facing the High Commissioner in this field.

Another problem of considerable importance to our High Commissioner and to the economic future of Germany has been the confused dismantling program. Dismantling of plants, other than war potential plants, should have taken place during the first year following the surrender of Germany. Where plants are operating now, and employing sizable numbers of employees, the dismantling of such a plant presents a most difficult problem from the standpoint of internal order, as well as adding to the economic disruption of an already disrupted economy. It is believed that our officials could have handled this problem in a much more efficient manner so as to lessen both the load on the American taxpayer and the problems that appear to be rising daily from a continuation of a dismantling program which should have been concluded 2 years ago.

Another problem of immediate importance to economic recovery in Germany and of particular importance to the administration of the country and to the United States High Commissioner, is that of German refugees, sometimes called Volksdeutsch or expellees. This term is used to denote Germans, numbering between 8,000,000 and 10,000,000, who have come into the western zones of Germany

from the eastern zone and from eastern Europe, either forcibly or voluntarily. Present estimates indicate an influx into western Germany of from 500 to 1,000 daily. The area into which these people are coming is considerably less than the area of Germany prior to the war. This presents the Office of the High Commissioner with a considerable problem in the economic field as well as in the security field. An economic level of industry to absorb these people appears to be almost out of the question and yet the millions in this area may present a very acute problem from the standpoint of peaceful development of Germany and Europe. Indications are that the majority of these people are competent and possess considerable know-how. Consideration might be given, under the President's point 4 program, to providing facilities for emigration of vast numbers of these people to areas of the world deficient in industrial know-how.

It appears that the prospect of economic rehabilitation of Germany is much brighter because of the coordination of all the aid programs in Germany into one correlated program and, while it is safe to say, as of the present, that economic recovery is well on the way, it is quite too soon to comment upon the political trends, particularly because of the fact that the German Government has just been reestablished and it is too soon to judge accurately the political situations there.

The information program carried on by ECA in Germany appears to be in good hands. I was particularly impressed by the ability of Mr. Walter Ridder, the information officer. An excellent program has been developed under his direction and work is going on to make the people of Germany cognizant of the democratic process we are striving to foster by the ECA. A unique part of this program entails the dissemination of information in almost textbook form for use in German schools. As a result of the war and denazification, many of the textbooks in Germany required destruction and replacement. This appears to be an excellent opportunity to get the story of American democracy and the goals of the foreign policy of the United States before the rising generation of Germany.

With respect to end use, it was found that at the time of this study, ECA was employing a Swiss concern for the purpose of making end-use checks of the arrival and distribution of ECA-financed goods, as well as other imports. An examination of this method of end-use check indicated a satisfactory solution to this problem inasmuch as the costs were being borne out of counterpart funds. Since the study was completed, ECA has found it desirable to change firms and the Swiss firm is no longer employed, although independent organizations are performing the task.

With respect to export controls in Germany and their importance in the shipment and transshipment of materials of strategic importance, the findings were identical with those reported in the staff report of September 13 to the committee dealing with this problem. The Joint Export-Import Authority heretofore charged with the control of exports and imports is being liquidated under the present administration and the licensing functions of this organization are being executed through the German banks except, of course, items of critical importance which are still being licensed through the liquidating unit of JEIA. The criticisms pointed out in the above-referred-to staff report appear to be valid and there is no probability of immediate improvement until the entire problem is solved at a level higher than the country level, that is to say, until the overall policy confronting the various agencies concerned has been solved and a unified policy adopted. In this connection, it should be pointed out that ECA has adopted a more vigorous policy in solving this difficult matter.

Italy

I left Germany and proceeded to Italy, passing through Switzerland where I conferred with officials of our State Department in Geneva concerning the general conditions in Switzerland. This country, although a participating country from the standpoint of being a member of the OEEC, has not been the recipient of any aid either by grant or loan. Economic conditions appeared excellent; trade was thriving; the general standard of the populace was considerably above Europe, as a whole. The shops were comparable to shops in American cities from the standpoint of availability of supply.

I entered Italy from the north, traveling through the industrial heart of northern Italy, and conferring with members of our State Department and our consular officers as well as with ECA field representatives in this area of Italy. I attempted to observe closely the general conditions, to ascertain from the man in the street his reaction to the economic situation in Italy, his knowledge of the aid the U. S. A. is furnishing Italy, and also his concern with the future.

I proceeded through the area of the Po Valley, which is Italy's richest farming section, continuing south through Bologna, Florence, and to Rome. In Rome, I conferred with Mr. James Dunn, our Ambassador, and members of his staff; with Mr. James D. Zellerbach, Chief of the ECA Mission; and his Deputy, Mr. M. L. Dayton.

I took up the administration of the ECA program, as well as the progress achieved to date, with the following officials of the ECA Mission: Mr. Dayton; Mr. H. W. McClelland, agriculture chief; Mr. John Secondari of the Information Division; Mr. Ralph McCabe of the Program Division; Mr. G. W. Baker of the Industry Division; and Mr. James Litton, controller. Conferences concerning the progress were also held with Mr. Eric Johnston, of the Public Advisory Board of the ECA, who was at that time visiting Italy.

On successive days I conferred with Count Carlo Sforza, Minister for Foreign Affairs for Italy, and Prime Minister Alcide de Gasperi. My conferences with these officials of the Italian Government dealt with problems facing their country economically and politically, as well as the achievements to date and the future prospects of economic stability in Italy.

Evaluation of the progress in Italy requires different consideration from that of most other countries in the participating group. The people of Italy are working very hard for economic recovery. However, Italy has less to work with than most of the other countries, being entirely dependent for natural resources on areas outside of Italy. Much progress has been made toward recovery. There is a spirit of confidence in the future which is indicative of active cooperation. The agencies of the United States in Italy reflect a spirit of cooperation in the joint task of economic recovery that is indeed healthy. The work between these agencies impressed me particularly as a good example of the type of cooperation needed between all United States Government agencies in achieving the ultimate policies of the United States.

No country presents an example of the need for economic integration more vividly than Italy because of her economic position of having an overabundance of labor supply and a complete lack of resources for development.

The agricultural program in Italy has received more vigorous attention than in many of the other countries. There has been real progress in developing modern agricultural methods such as the introduction of hybrid seed corn, although the time necessary for improving agricultural production methods is necessarily long and tedious. Although the achievement to date has been limited statistically there seems to be a recognition

that agricultural development is one of the primary aspects of recovery, and it was indeed encouraging to find a large measure of time and money being devoted to improving the agricultural situation. Approximately 28 percent of counterpart funds have been devoted to agriculture in Italy. This sum is considerably higher than the percentage devoted to such programs in other countries.

A very comprehensive reclamation and irrigation program is now under way in northern and southern Italy. Approximately 1,500,000 acres were programed for irrigation. Many thousands of acres of land now unproductive are included in projects under way for development. The goal of the reclamation and irrigation program is to provide employment for approximately 500,000 people. However, this is only about one-fourth of the present unemployment in the south of Italy. Under the best of conditions, Italy will be confronted with an ever-growing problem of unemployment due to excessive population and limited land area.

As a result of the ECA programs, considerable progress has been made in stemming communism in Italy. However, with the low standards of living and the pressure of unemployment, there is an ever-present threat from the Communists that could rapidly undo the good that has been achieved in this country without the continued economic and political support of the United States.

There is a striking absence of thriving small business in most of Europe. This is also true in Italy. Our conception of a thriving economic life anticipates much active small business. In order to stimulate the growth of this small business, Italy is confronted with the problem, as are most other countries of Europe, of capital for development. Long-term credit in Italy is something that is practically unknown and interest rates in their present system of banking run as high as 18 percent for short-term loans. Such an atmosphere for capital investment prevents any measurable expansion. Although it is recognized that credit limitations are necessary to prevent inflationary trends, it does not appear that much economic expansion can be achieved until there is ample credit available for business, both large and small. The internal financial situation in Italy appears quite encouraging. The Government financial deficit is small and has been successively reduced each year so that, comparatively speaking, faith in the money of the country is very good in Italy. It is recognized that this internal soundness of the Italian lira was achieved only at a terrific cost to the Italian people in high prices for scarce goods, but it is a situation that all of the countries of Europe must face and solve by tightening their belts.

Because of ECA aid in providing the necessary raw materials, Italy was able, as a result of expanding her export business, to build up many credits in the participating countries as well as the other European countries. This vigorous pushing of exports resulted in a rather high industrial activity which it is doubtful can be maintained when consumer demand has been satisfied. However, the fact remains that, as of the present, Italy has become a considerable creditor to most of Europe and is unable to receive payment except in the soft currencies. This fact accounts for the Italian dissatisfaction with the trade and payment plan of ECA which Italy contends penalizes her because of her excellent record in industrial production and export trade.

Italy presents a most acute problem from the standpoint of the future when American aid is stopped. Unless many problems still necessary of solution are resolved prior to 1952, it does not appear that this country can maintain political stability long after aid stops because her present political stability is dependent upon economic progress directly attributable to American aid.

Before returning to Paris, I visited Naples and studied the southern section of Italy, which is the poorer section of the country and offers the biggest problem from the standpoint of agricultural reclamation and recovery.

I proceeded to Paris from Rome, visiting en route the principal port of Italy, Genoa, as well as other ports on the Mediterranean. My return trip to Paris was across the breadth of France, where I surveyed industrial reconstruction as well as numerous public-works projects which were either progressing with direct ECA assistance or indirect assistance by use of counterpart funds allocated for public projects.

After returning to Paris, I attended conferences with Mr. Hoffman, Mr. Schumann, Sir Stafford Cripps, of Great Britain, and other officials of the OEEC who were meeting in Paris in the latter part of October, discussing the problems of future programs of ECA assistance. It was at these meetings that Mr. Hoffman expressed his determination for more progress toward European integration.

United Kingdom

After a trip to Spain, I returned to Paris, and from there visited England, arriving in London on the 9th of November. In London, I conferred with our ECA mission chief, Mr. John Kenney, with our Ambassador, Mr. Lewis Douglas, and held discussions with the staff members of the Embassy and the ECA special mission.

On November 12, I attended an Embassy briefing concerned chiefly with the military assistance program, at which members of the Foreign Affairs Committee of the House of Representatives, Congressman JOSEPH L. PFEIFER, of New York, and Congressman THOMAS S. GORDON, of Illinois, were present.

I conferred with Sir Stafford Cripps, Chancellor of the Exchequer; Mr. A. Bevan, Minister of Health; Mr. George Russell Strauss, Minister of Supply; Mr. Douglas Jay, Economic Secretary to the Secretary; Mr. Hugh Gaitskill, Minister of Fuel and Power; and Mr. John Strachey, Minister of Food.

I also conferred with Vincent Tewson, general secretary of the Trade-Unions Council, and Mr. Harold Wilson, president of the Board of Trade.

During an industrial tour of some of the plants in the United Kingdom, I conferred with Sir Montague Hughman, chairman of the Henley Tyre & Rubber Co. and the Henley Telegraph Co., and with Sir Edward Crowe, a director of this organization, and with other members of the organization.

I also visited the Morgan Crucible Co. and discussed the industrial situation in the United Kingdom with Mr. P. Lindsay, chairman of the board of this organization, and with a number of his directors.

I traveled from London to Dublin, and on the way I had the opportunity of observing first-hand the situation in the industrial heart of the United Kingdom and ascertained the economic situation in Ireland. In Dublin, I conferred with Prime Minister J. A. Costello; Sean McBride, Foreign Minister; Mr. J. E. Carrigan, Chief of the ECA Mission; Mr. George A. Garrett, our Ambassador, and various members of the Irish Government.

I returned to London where additional study and conferences were held with the ECA Mission staff. I left London on December 2 en route to Washington.

The complexities of the economic situation in the United Kingdom make a determination of the progress of recovery in this nation extremely difficult to ascertain. Certainly employment is high; business activity is vigorous; exports are far in excess of prewar, and imports have decreased. Ordinarily, such a situation would indicate a sound economic position. However, the impact of war on Great Britain's economic situ-

ation is probably greater than on any other participating country. Unquestionably, the United Kingdom is the key nation of western Europe. Her power and influence in any recovery of Europe is a powerful influence. Her position as banker to the sterling area increases the liabilities attendant upon her recovery. Her experiments in socialism add to the complex determination of her recovery.

As pointed out above, her exports are extremely high. The value of her commodity trade in exports for the third quarter of 1949, measured in prewar prices, stands at approximately 140 percent of prewar. Her imports for the same quarter stand at approximately 91 percent, reflecting a very favorable trade balance and an excellent record of increased production. The difficulty with this position is that the greater portion of these exports are to soft-currency countries or to the sterling area, whereas her position from the standpoint of exports to dollar areas is not nearly so favorable.

The Government is committed to a policy of full employment. This policy must be maintained regardless of the party in power. Mr. John Strachey, Minister of Food, reports that the population of the United Kingdom is eating better than at any time in recent history. This statement does not mean that everyone is, but it means that more people are able to obtain more food than in the past although many who, in the past, were able to afford many luxuries, cannot do so under the present situation. This, of course, is a result of the rationing and food-control programs. The diet, as a whole, is extremely monotonous but is certainly sufficient and wholesome.

The extent to which devaluation may add to the solution of the United Kingdom's economic problems cannot be judged at this time. It appears to be a step in the right direction. Devaluation in itself cannot solve the dollar shortage. Statistics reflect a considerable increase in exports even to dollar areas volumewise since devaluation. It is questionable whether or not a sufficient increase in volume can be attained to overcome the loss in dollars resulting from the devaluation. If such is to be achieved, it must necessarily result from more efficient production. Great emphasis is being placed upon more and more efficient production, both by management and by labor. However, considering the fact that volume of production has increased approximately 50 percent over prewar with the labor force entirely employed, it is questionable how much efficiency can be increased. Inasmuch as the present social experiments require an extremely high rate of taxation, much of the incentive for more efficient production is lost.

My observations in several industrial plants indicate an average take-home pay for the industrial worker of approximately \$18 to \$22 per week. This, compared to the average industrial take-home pay of the American worker, appears to be an extremely low wage. However, comparisons as such must be related to the purchase value of the take-home pay. It is in this field that the Socialist Government provides the cushion for an apparent low-wage standard. By rationing and subsidies on food and clothing the Government is able to maintain a fair standard of living at these wage rates. By providing such services, however, the cost of government is so great that the incentive to the worker to work longer hours even at higher rates is lost because any earnings in excess of his present average must be taxed at such rates as to make the added effort unappealing. Yet the revenue is necessary in order to maintain the present social experiments.

Much of the increased production is sold in sterling markets. Such markets are, of course, protected markets, and competition does not play the part in controlling costs that it should. The result, naturally, tends

to make the industrialists more complacent and less interested in lower-cost production. However, such markets do not increase the dollar earning capacity of the United Kingdom, and therefore do not provide the means with which to import many of the raw materials necessary from dollar areas in support of the production level.

A most disturbing problem to the United Kingdom is that of unrequited exports. During the war the Government incurred enormous debts in sterling areas which much of the current production is being used to pay off. Such portions of these debts as the Government may allow to be converted into dollars results in a drain on her current dollar earnings or out of her gold and dollar reserves, which have been diminishing steadily since before the war and at an accelerated rate during and since the war. Her dollar earnings have been in a similar declining position.

Many of her assets held in dollar areas were liquidated during the war and her current income from invisibles such as travel, insurance, shipping, and so on cannot provide the dollars to finance the deficit between her exports and imports in dollar areas. Until the beginning of the third quarter of 1949, her internal revenue was sufficient to meet her expenditures and provide small amounts for debt reduction. At about this time, her revenue began to fail to meet her expenditures and steps were being taken by the ECA mission to the United Kingdom to stop further withdrawals from the counterpart fund for the purpose of short-term debt reduction. Considerable argument could be made that the United Kingdom's social experiments were not being directly financed by ECA aid so long as her revenue exceeded her expenditures and she was able to maintain her socialistic experiments out of current revenue. Such a position is hardly tenable with respect to the indirect support that ECA aid has upon her social experiments. However, when her expenditures begin to exceed her revenues, it becomes apparent that any contribution from counterpart funds to debt reduction is a direct contribution to her socialization program. Another drain upon her revenues resulted from devaluation. It was necessary for her to deposit with the International Monetary Fund £148,000,000 as additional reserves after devaluation.

This, of course, was a big factor in her present position of an unbalanced budget. However, a greater contribution to this situation is the vast numbers of Government employees necessary to administer her many social schemes. The Government had announced plans of reduction in expenditures, principally from dismissal of Government workers. It is extremely doubtful if she can pursue such a course far enough to return to a balance of income and expenditures.

Certainly, if the objectives desired by the United States in securing a free and economically sound western Europe are to succeed, the United Kingdom must be an important consideration in these goals. It does not appear at present that with all of her marvelous record for recovery, production, and trade, the United Kingdom could long survive the withdrawal of United States assistance. This does not mean that there is any present or future danger of the United Kingdom going communistic. It does indicate that she cannot maintain her economic position in western Europe without continued United States aid.

CONCLUSION

European recovery, measured by all standards, has been more successful than even the most optimistic had hoped for. The economic soundness of this recovery is still open to considerable doubt. This observation is made because of the fact that in several of the more important countries no one

maintains that the present economic level of activity could long be maintained if United States aid were withdrawn. In considering the result of the withdrawal of United States aid, our objectives in beginning aid must be reviewed. The governments of several of the countries can maintain a stable position only so long as the economic activities within those countries continue and do not deteriorate appreciably. Although our intention in aiding Europe may have been considerably altruistic, nevertheless more definite objectives must be in mind and such objectives must be the interest and security of the United States. If the self-interest and security of the United States is the more important objective, then it is inevitable that we must maintain the stability of our political allies in the ever-continuing struggle to wipe out communism.

As heretofore indicated, success in this objective has been immeasurable. However, it has not been complete, and it does not appear that it will be complete in 1952.

The staff of the joint committee presented suggestions for reductions in the amount of aid for Europe in the present fiscal year. The suggested reduction was approximately 25 percent below budget estimates. From my study of the situation in the fall of 1949, I found nothing to indicate that European recovery would have been materially retarded if Congress had appropriated the smaller sum recommended by the committee. Admittedly, the standard of living of the majority of the people may not have been as high as the present. However, it is highly significant that the present standard cannot be maintained without considerable United States aid even after 1952. This situation presents the danger of the necessity of withdrawing all aid at one time and causing too rapid a reduction in these present standards which could, of course, undo most of the good that we have done. Recognizing the probable impossibility of achieving completely the desired results of economic stability by the end of the program in 1952, it is my observation that the aid that we intend to furnish in the future should be reduced considerably this year and by an even greater amount the following year so that the termination of aid in 1952 will not cause too great a shock to the economic activity heretofore induced principally by United States aid.

PAT MCCARRAN,

Chairman, Joint Committee on Foreign Economic Cooperation.

KNOWLEDGE OF THE MARSHALL PLAN IN EUROPE

Mr. MCCARRAN. Mr. President, in President Truman's Seventh Report to Congress of the Economic Cooperation Administration, some 11 pages are devoted to a chapter entitled "Informing the People of Europe About ERP." Included in this chapter are such astonishing statements as "more than four out of five Europeans are aware of the Marshall plan," and "on still more detailed questions about the nature of counterpart funds, an average of about 35 percent offered the correct answers."

Mr. President, I hope that these statements, which are supposedly based on public-opinion surveys in some of the Marshall-plan countries, are true. I, myself, found it extremely difficult, and I now find it difficult, to believe that one out of three Europeans can answer detailed questions about the nature of counterpart funds. In any event, I firmly believe that we should not allow ourselves to be lulled into a false sense of security by a few public-opinion polls.

In this connection, I should like to invite the attention of the Members of the Senate to a report on this very vital subject by the Joint Committee on Foreign Economic Cooperation, of which I have the honor to be chairman. This report was made last fall, and chiefly concerns itself with the problems of public information in France. However, I believe that its general observations and conclusions still obtain, and most important, that it points up the necessity for constant and vigilant effort on our part in establishing real communication with the peoples of western Europe.

Therefore, Mr. President, I ask unanimous consent that this report, entitled "Knowledge of the Marshall Plan in Europe: France," by the "watchdog committee" on ECA, be printed in the body of the RECORD as a part of my remarks.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

KNOWLEDGE OF THE MARSHALL PLAN IN EUROPE: FRANCE

INTRODUCTION

This report concerns the Marshall plan information program in France. It is based upon a 6 weeks' on-the-spot study by two staff members of the Joint Committee on Foreign Economic Cooperation.

The report indicates that pro-Marshall plan forces in France are not doing as effective a job of telling about it as are anti-Marshall plan forces, specifically, French Communists. Some of the difficulties in getting across the western story to the French people are analyzed, and remedial lines of action are suggested.

There are compelling reasons for telling about Marshall plan aid as well as giving it: The highly successful French Communist campaign against it; the deep-grained native suspicion of all foreign nations; the belief that people will be encouraged to stand fast with us in our determination to maintain peace and freedom if they know the real reasons for the Marshall plan.

The first draft of this report was reviewed by ECA Administrator Paul G. Hoffman, who commented:

"The report concerning knowledge of the Marshall plan in France is a well-written appraisal of our informational problems. It outlines the basic difficulties inherent in the program. For the most part, we concur in the statements but there are instances where we would disagree."

Other comments by the Administrator on specific points will be found in appropriate places in the report.

THE COMMUNIST CAMPAIGN TO DEFEAT THE MARSHALL PLAN

Since the formation of the Communist Information Bureau (Cominform) in October 1947, Communists everywhere have waged ceaseless verbal and, in some cases, economic warfare against the Marshall plan. They have sought to create suspicion of it, or outright hostility to it.

In no country has the party been more vigorous in this effort than in France. These efforts have met with a large measure of success. A study of the nature and extent of the Communist-propaganda activities is essential to an understanding of the informational problems there.

Administrator Hoffman stressed this point: "The considerable part of the report dealing with Communist activities and opposition is in accord with our views based on a year's experience with the problems. It would be difficult to overestimate the significance of this part of our work, especially in the labor field."

Number of Communists

There is no verifiable figure for Communist Party membership. The prewar total was 100,000, which rose, according to party claims, to 1,000,000 by 1946. Membership has since fallen off. The informed consensus now sets the figure of the "hard core" at approximately 700,000 members.

The figure for Communists and fellow travelers of various political shadings who would vote the Communist ticket on a Nation-wide basis is variously estimated at between 20 and 25 percent of the voting population.

Lines of authority

The direction of the Communist network in France rests in four organizations:

(1) The secretariat, headed by Maurice Thorez, Jacques Duclos, Andre Marty, and Leon Mauvais, is the highest ranking unit in the French Communist pyramid, directly under the control of the Cominform and of the Soviet Embassy in Paris.

(2) The congress, which meets annually, and which does little more than ratify the decisions of the secretariat and Cominform.

(3) The central committee, composed of 38 members and 33 stand-ins elected by the congress on nomination of the political bureau.

(4) The political bureau made up of nine members and four stand-ins, chosen in reality by itself (members reelect themselves or name successors).

Communist financing

The funds available to France's Communist network are enormous. Non-Communist elements agree on the enormity, but are at variance on the amount because the party has been adroit in masking its budgetary affairs. It is worth examining their financing in order to understand the size of the fund which is committed to sabotaging the Marshall plan and to selling France on another system.

The figure most often quoted by authorities ranges between five and ten billion francs annually, and is based on an evaluation of (a) production costs of the party's total publishing operation, (b) salary costs of permanent party employees, and (c) the funds entrusted to important individual members of the party.

All studies of Communist financing segregate the revenues originating in France from those contributed by the U. S. S. R. and satellites. All agree that funds of French origin are nowhere near enough to finance the vast machine.

There are several lines of supply. Domestically, funds are collected from (a) rank-and-file contributions, (b) subscriptions to Communist press, (c) levies against party members holding public office. Voluntary contributions from the nongovernment rank and file total several hundred million and revenues from subscriptions several million. A rich source of domestic revenue is the raid on the French treasury by party officeholders.

During the postliberation period of Communist participation in the Government, the party managed to install a substantial number of followers in key positions within the nationalized industries. The appointments came in numbers following the success of the party in placing a Communist, Marcel Paul, as France's Minister of Industrial Production. Communists still have a large measure of administrative control in public utilities—gas and electricity—still retain controlling nuclei in railroads, the university, and even the police forces.

Successive governments have been waging a partially successful 3-year fight to dislodge these key Communist figures from their positions within the nationalized industries, but in some they are still strong. Through a series of complicated maneuvers they are able to divert social-security funds, in whose collection and payment workers have a voice,

toward payment of salaries of permanent party employees. The net effect is a levy on the anti-Communist French Government to finance the Communist Party.

Incidentally the last coal strike called by the party was connected to a degree with this raid on the treasury. Last fall the Government attempted a closer supervision of social-security funds, a move which was immediately twisted by the Communists into a perversion of fact justifying the strike. The main purpose was to hamstring the nation's economy and thus sabotage the Marshall plan, but a strong factor was the desire to confuse any Government effort to stop the raid.

Expropriations no longer figure as a source of revenue in France, but they merit inclusion as a source of money which permitted French Communists to finance their great surge immediately after the liberation in 1944. Stepping into the confusion the party expropriated a vast amount of money and property from collaborationists and German sympathizers and then without reference to political distinctions expropriated hundreds of millions more from banks and private individuals. The total expropriated built the war chest which financed the Communist drive of 1945.

But the total of all funds raised domestically is far from enough to finance the Communist structure as it operates in France. A large, undetermined amount is forwarded through diplomatic pouch from the U. S. S. R. and from Russian satellites. There are many incidents attesting to the arrival of moneys, such as the sale of gold bars on the Paris market by agents of the party. But the only essential index of the amount spent by the party is its activity, which is vast, costly, and smooth.

Communist and allied organizations

It is in the field of clubs, associations, societies, etc., that the Communists have shown the measure of their talent for infiltration. They have constructed a tight grid of organizations all over France, a network that is the more effective because none of the organizations bear the label "Communist." The camouflage is systematic. Communist women are grouped into an association called the Union of French Women (l'Union des Femmes Françaises); Communist Youth into the Union of Republican Youth in France (l'Union de la Jeunesse Republicaine de France). Great numbers of unsuspecting people join these organizations without knowing they are Communist.

Everywhere the Communists have organized clubhouses: Foyers for people with a grievance; foyers for former political refugees, for veterans, for the victims of bombing; amicales or local and business clubs for deportees, internees, resistance groups; and the F. F. I. and related groups.

Typical, because of its effectiveness, is the Compagnons de la Liberté (Friends of Liberty), an organization of former resistance men which was reconstituted in 1948. It camouflages orders from the party and executes them under the guise of a fraternal organization dedicated to perpetuating the memory of France's struggle with the Germans.

Communists dominate the local committees of the Liberation many of which still exist; organizations of tenants as opposed to landlords; family associations; organizations of war widows; defense committees of craft groups, and associations of small-business men. They are active in sports organizations, bowling associations, even in fishermen's clubs. They have their management headquarters, special garages for their vehicles, their gas stations. They dominate many cooperatives and workers' canteens. They have purchasing commissions everywhere. They have infiltrated radio.

All of these organizations are outlets for the incessant attack on the Marshall plan.

Publishing outlets

The Communist Party has always placed great stress on written propaganda, but its postwar drive in France has set new standards. It is running in France what is one of the greatest publishing operations ever performed by a political force in any country at any time. It has at its disposal today an enormous variety of outlets gained from an opportune drive during the confusion of the liberation to take over control of printing houses and newspapers in every department of France. In Paris alone it controls six publishing houses. Aside from the establishments owned outright it has other servile publishing facilities provided by commercial groups who still think it advisable to hedge against the possibility of a Communist government coming to power.

The party publishes 40 newspapers and reviews just in Paris. This does not take into account a separate list of neighborhood newspapers, industry and house organs, the publications of its own clubs and associations and of those which it influences indirectly.

There is not a single department of France without a Communist newspaper. Where the area is too small to justify a daily the party builds a weekly. They multiplied just after the liberation, but since then have lost some ground numerically. Nevertheless, their influence is still powerful, in large part because of the failure of many moderate newspapers.

The most powerful Communist organ in France is L'Humanité of Paris, a morning daily with a circulation of 260,000, and an influence that is country-wide. Throughout France its daily policy output is channeled through distribution committees organized in behalf of L'Humanité in all provinces and departments where the party has a cell or section.

L'Humanité's evening counterpart is named Ce Soir (circulation 250,000), which represents itself as a straight news sheet rather than a political organ.

Another powerful organ covering the morning field is Liberation, which, under the mask of news, presents Communist policy for the fellow travelers and certain elements of the resistance. Its staff is heavily populated with Communists and fellow travelers.

The party publishes several weeklies, some of the strongest being—

Action.

France d'Abord, organ of the Communist resistance organization, F. T. P.

France Nouvelle, a bulletin directed at party workers.

L'Humanité Dimanche.

Les Lettres Françaises.

La Terre, directed toward the farm population.

La Vie Ouvrière, Le Peuple, directed toward the labor unions.

Also biweekly reviews, monthlies, and quarterlies, among the most influential being—

Cashiers du Communisme.

Démocratie Nouvelle.

L'Écran Français.

Études Soviétiques.

Europe.

France-U. S. S. R.

La Nouvelle Critique.

La Pensée.

Servir la France.

But the Communist output cannot be measured solely in terms of the speed and volume of its printing presses and mimeograph machines. It must also be acknowledged that the quality of the publications is generally high. That is, they get their message across by tailoring it for specific audiences. Labor is a case in point.

The French metallurgical worker, for example, is given a Communist newspaper which is a metallurgical trade paper, speaking his own professional language, treating

of his own pet professional problems, backing and defending his every grievance, his own peculiar wage-and-hour interests, his insurance situation, his bargaining position, all the things which are immediate to him as contrasted to the specific grievances of a maritime worker. The maritime worker has his own Communist trade paper, geared with the same fidelity to his own set of worries, interests, and ambitions. And so it goes for the full roster of trades and professions.

Communist doctrine in its approach to France's workers is warm and friendly. For some years Communist doctrine (the vast outpouring of information through every type of media) has minimized or discarded the word "citizen." Instead the Communists have substituted the word "laborer" in their millions of columns of type, their literature, brochures, posters, radio broadcasts, speeches, conferences, and congresses. There is a new being, "the laborer." In a discussion of a proposed Government measure, say a budgetary reform, the Communist line is clear, vicious, and specific—how does it exploit labor? In their exhortations, an economic measure before the French Assembly is never evaluated in terms of the balanced interests of the businessman, the employer, the large property holder and the small one, but only in one line, that of the worker, as though, numerically, there were no other component in the French economy.

The worker naturally has reacted to the tribute. Not for him the anonymity of being a man among other men. He has been shown an image, a sculptured symbol of a man of sinew, strength, work, sweat, and accomplishment, a highly ennobled conception of labor versus the world, certainly versus the rest of France. That is the incessant theme. Not all French labor has bought it, but a large number has.

Communist role in labor

But though the Communists have put on this show of solicitude for the welfare of the worker they really regard labor as front-line troops in the struggle with the west. They have used labor to attempt to sabotage economic recovery and thus the Marshall plan, as witness last fall's coal-mine strikes. Most important, they see the workers of France as key weapons in the event of open conflict with the west. Last winter Maurice Thorez, French Communist leader, made it clear that in any war between France and Russia his party would be on the side of Moscow. Obviously, if M. Thorez can command the allegiance of only a few hundred thousand workers, strategically positioned in vital industries, he could effect a sabotage campaign of proportions sufficient to cripple France's military potential.

M. Thorez and his party at present dominate the largest labor union in France, the Confédération Générale du Travail (CGT). It is made up of more than 30 separate national labor unions. It is especially strong in such essential industries as mining, building construction, metallurgy, and railroads. The CGT claims over 4,000,000 members, but according to most sources its actual strength is about 2,000,000. Not all the members, of course, are Communist, but they have not thus far obstructed Communist leadership.

Communists and fellow travelers exercise control by occupying the top positions in the CGT and in the member national federations. They have been in and out of the organization since 1919. In 1921 they were ousted because of ideological differences with the Socialists. They were readmitted to the fold in 1936 at the time of the Popular Front, but were expelled again in January 1940 because they supported the Nazi-Soviet pact. After Hitler attacked Russia in June 1941 they again united with non-Communists, and their subsequent aggressive and effective role in the resistance movement won them scores

of thousands of converts. Capitalizing on their resistance record, they gained control of the CGT immediately after the liberation and retain it to this writing.

The non-Communist role in labor

Veteran observers in France agree that the ranks of the CGT can be contained, and perhaps eventually decimated, only by anti-Communist organized labor groups. Unfortunately such groups have so far proved to be rather ineffectual instruments of opposition.

The two largest anti-Communist labor unions are the Confédération Générale du Travail, Force Ouvrière (CGT-FO) and the Confédération Française des Travailleurs Chrétiens (CFTC). Each organization has about 1,000,000 adherents, but a somewhat smaller number of dues payers.

Force Ouvrière was formed in December 1947 following a split in CGT ranks over the general strikes which had been called the previous months. The dissidents who formed the Force Ouvrière charge that the Communists were exploiting the just grievances of labor in order to create economic chaos. In splitting off from the CGT, Force Ouvrière was forced to abandon all the assets its members had helped to build up—offices, office equipment, automobiles, and funds in the CGT treasury. It began its existence with little money, and lack of finances has been its greatest single handicap ever since. For example, in one coal mining region in the north of France, the Communist CGT has 30 paid, full-time organizers and 20 automobiles. In the same region FO has only three organizers and the part-time use of one automobile. Under such circumstances, it is practically impossible for FO to make any headway in that area.

As a result of its lack of money, FO has had to fight its labor battles with the aid of few of the weapons that should be in the arsenal of the non-Communist unions—newspapers, brochures, pamphlets, posters, movies, radio, handbills, etc. Its main information weapon is a weekly paper, Force Ouvrière, a poor publication by journalistic standards, which has a circulation of only 60,000. Upshot is that even when FO makes a favorable reference to Marshall plan objectives, it reaches a pitifully small audience.

Ironically, and some say inexcusably, FO is embarrassed, if not occasionally handicapped, by the fact that it has openly supported the Marshall plan. Its embarrassment arises not only from the fact that the Communists promptly gave it the label "American hired hands," but from the failure of the French Government to take labor into its confidence concerning the plans for and operation of the Marshall plan. Not knowing the technical story of Marshall plan aid as actually utilized in France, FO leaders often find it difficult or impossible to reply to specific Communist lies.

(In this connection it is interesting to note that, from the beginning, the United States and many of the participating nations have given labor representatives a role in the formulation of Marshall plan policy and in its administration.)

The Catholic trade-union, CFTC, has the most dependable membership of any of the large unions, that is, it does not suffer the extreme fluctuations in membership that are characteristic of other unions. It is strongest among white-collar workers and women in the textile industry. In keeping with traditional Catholic trade-union policy, it is not a militant organization, and observers say this has mitigated against its efforts to gain adherents from the large number of unorganized workers.

Actually, unorganized labor outnumbers organized labor in French industry. Before last fall's coal strikes trade-union members totaled about five and one-half million, or approximately 40 percent of the total indus-

trial labor force. It is generally acknowledged, except by the Communists, that the disastrous coal strikes resulted in a substantial reduction in CGT membership, and it is estimated that today over 60 percent of the industrial labor force is not organized.

Therefore, the balance of power in labor rests potentially with those who are not members of unions. Because they are always potential members, they are the objects of flattering courtship by organized labor. In the contest for their affections, the CGT, with its unlimited resources and thousands of zealots, must be given the edge. The best anti-Communist hope lies in the Force Ouvrière and the CFTC. But hope, and mere encouragement and advice from United States labor representatives in France, will not make them effective. What they really need is organization, which in turn means facilities and financing. There is little prospect that they will obtain either under present circumstances.

The Communist line of attack on the Marshall plan

Dating from the formation of the Cominform, Red arguments must be conceded a high level of success in molding the French conception of the plan. If the output were confined to Communists, the result, while serious, would not be too damaging. But the Communist line is not so confined. The anti-American arguments are repeated innocently and inadvertently by vast numbers who are not remotely Communists: by labor, industrialists, peasants, and white-collar workers. They have become the common stock of French conversation.

The Cominform's absurdities are accepted as fact by educated people who should know better. They are picked up by the non-Communist press and repeated by non-Communist deputies in Parliament. The Communist arguments have permeated France, have slowed down acceptance of the idea of the Marshall plan.

The Communist themes fall into two categories—(a) the basic, constantly repeated arguments which vary little from month to month—the so-called permanent line; and (b) the day-by-day improvisations attacking specific developments in the program.

The basic line: Basic line No. 1—American industry desperate: The whole United States business structure is due to collapse. America must keep up a production volume equal to its wartime levels or fall apart. It cannot consume goods in such volume, therefore, has made a desperate decision to colonize Europe to force it to buy United States surpluses.

This theme has numberless variations, all of them a clarion call to Europe to defend itself against the American bid for empire. Some of the variations are—

The United States seeks to enslave European labor.

The United States has installed American staffs which actually run each country.

The Marshall plan means unemployment.

The Marshall plan means the looting of Europe's natural resources.

The Marshall plan means outright United States control of certain European industries.

The Marshall plan will rebuild Germany into a dominant and belligerent power (in Germany the line is that the plan means permanent debilitation of Germany).

Basic line No. 2—The Marshall plan is a war plan. The Marshall plan is a conspiracy to buy military allies in Europe, a plan to build Europe's war potential for the planned war by backing the operation with as much money as necessary but with as little American blood as possible.

Specific attacks: This subject can be covered with the blanket statement that virtually every one of the daily policy decisions of ECA or OECE is met by a Communist counterblast. Every time the Marshall plan acts, the Communist press speaks,

Thus, to a statistical release giving the quarterly total of United States authorizations to France, the reply is:

"America's vaunted sacrifice for European recovery is less than the cost of its cigarette bill."

When the aluminum flurry occurred between the United States and Britain, the Communists had a field day:

"Behold capitalism and capitalists. Behold the titans of industry with no honor, ethics, or honesty, even when one (America) is allegedly bailing out another in order to preserve the solidarity of international capitalism. Even here these ruthless, instinctively competitive capitalists try to cheat each other. No, my friends, only in the Communist faith is there true brotherhood, true selflessness, true identity of interests between the peoples of one country, etc."

When the French Government came forth with a proposal to tighten France's tax situation, the quotation from the Red press was:

"The Marshall-plan gauleiters yesterday cracked the whip and the Government quailings went through their paces. Our 'leaders' have surrendered the sovereignty of France to the carpetbaggers from Wall Street."

On the question of east-west trade the line is:

"American expansionists have found a new trick to prevent trade between east and west. The 'marshallized' countries are forbidden to send goods to eastern Europe on the flimsy ground that it might increase the military potential of the Soviet Union. This policy has dealt a severe blow to France, which has thus lost its historic eastern European markets."

Of course the Communist line is far from gospel in France. It is not always repeated verbatim. But it has undeniably created a widespread distrust.

The obvious questions are, Among how many? To what extent?

WHO KNOWS ABOUT THE MARSHALL PLAN IN FRANCE?

Every newspaperman with whom the subject was discussed (the list includes Paris correspondents of British, Italian, Danish, Swedish, German, French, and American newspapers) warned that it is clouded by dangerous generalities. Taking into account the difficulty of estimating the degree of knowledge of 41,000,000 people, there is a consensus view. A representative summary was given by the Paris bureau chief of a press association. After making his own survey of French knowledge of the Marshall plan, he made the following analysis:

"Since polls are out of fashion, we must make judgment estimates. My own is that 90 percent of the population of France hasn't the vaguest inkling of the technical provisions of the Marshall plan—such things as that it is a plan; that it involves a counter-part fund; that it is jointly administered by Europeans as well as Americans; that it means recovery and not relief; that the plan has specific time objectives in each of many economic fields. There is an awareness that it exists, thanks to the Communist press, by most of the people of France, but it is a vague, hearsay thing. Most of the people of France have heard about it and most of them distrust it without knowing exactly what it was. They are looking for the gimmick—every one of them. Not all of them believe that the United States is out to colonize the world, but no one is willing to buy it at America's own appraisal—as an idea that may straighten out Europe. French skepticism is worlds apart from American optimism. If this thing is going to work, it will be because of America's great capacity for patience."

A parliamentary deputy and leader of one of the largest non-Communist parties in France put it this way:

"A mass of people, certainly 60 percent, has heard about the Marshall plan and has a

scrambled, vague knowledge that it involves American gifts which must be viewed with great suspicion."

"If there is one categorical statement to be made on this subject it is that not 1 Frenchman in 500 believes that there is any element of good faith involved in this thing. They're sure that America is motivated only by its own economic needs. It is inadmissible that a nation—any nation—should dip into its pockets to help another without an overriding self-interest. What that self-interest is is a different thing to each Frenchman, depending upon his exposure, direct or indirect, to the Communist output."

"Another point: Despite the admirable effort of ECA to explain the objectives—the basic ideas of the Marshall plan—the Frenchman's awareness of it stems from Red publicity. Volumewise, it is all one-sided."

"Incidentally, I do not believe that there are 20 deputies among my colleagues in the Chamber who have a knowledge of the principal provisions of the Marshall plan. From the standpoint of its successes this may be a good thing."

There is little question that much of what is known in France about the Marshall plan stems directly or indirectly from the Communist output. On the other hand, the United States has waged its campaign largely with goods and money, hoping that somehow or other the French will understand what the United States is trying to do, will understand that the Marshall plan may be the one great chance for Europe to pull out of its difficulties.

On one side of the Atlantic the Congress has no illusions about building up foreign markets or developing European customers. It has understood that European recovery is the end to be achieved and voted funds on that basis. On the other side of the ocean, much of an entire nation remains in ignorance of the objectives of the plan designed to assist the participating countries, and is either apathetic or hostile. The Communists are bombarding France with an incessant attack telling her to wake up and reject United States imperialism.

The west has not adequately explained the Marshall plan, and has not reached the minds of that section of French labor which is organized, nor the millions who are unorganized. We are relying upon cotton, wheat, coal, petroleum, machinery, and a blueprint, on the theory that if the plan succeeds prosperity will defy communism. But the average French citizen does not know much about this Marshall plan wheat, coal, and blueprint, and knows nothing about counter-part, and nothing about those over-all objectives of the Marshall plan, such as the elimination of trade barriers, the mechanization of agriculture, the need to produce and to export, the need to firm up budgets and stabilize money, much less does he realize that their achievement will better his chances for independence. These are the tenets of the Marshall plan, but much French knowledge of it stops with the title and a jumbled mass of suspicions, Communist-inspired, that America is up to something.

No one has succeeded in explaining the opposite story on a country-wide scale, the real story what the Marshall plan is, and why the overloaded citizens of America are digging up tax money to finance it.

Why it has not been done, and what the difficulties are in doing it, are the substance of the remainder of this report.

(Administrator Hoffman's comment on the above section is as follows:)

"We would not dispute the fact that a great number of people do not understand the details of the Marshall plan, but we know that considerable progress is being made. The informational program has been stepped up and the results should become evident in increasing degree."

DIFFICULTIES BLOCKING INFORMATION ON THE PLAN

French inaction

In France the Marshall plan is being publicized by the biggest, one of the richest and most effective publicity organizations in the world.

The amount of publicity which the Communist Party has put out dissecting the Marshall plan is staggering. It has managed to get its message into the press in hamlets and villages in metropolitan centers and farm areas. It has turned out tons of pamphlets, brochures, and posters, and has seen to it that they are pasted up by the thousands, that they are handed to workers as they enter or leave the factory. It has not missed a bet with any segment of the population.

The French administrators of the Marshall plan have not begun to match the effort of explaining it.

Back of this lassitude and inaction is a powerful set of reasons. They are justifiable as an explanation of the enormous difficulty in getting the message through to France. They are less justifiable if the result be described bluntly as a default to the Communists. Whether justifiable or not, they must be appraised.

The war psychosis: One cause of French inaction in publicizing the plan, a retarding force as effective with the Government as with the press is the fear of war between Russia and the west.

In France it is hard to talk Marshall plan with an editor or Government man and to keep the discussion channeled to the subject. Somewhere in the discussion the Frenchman will raise the question of war, that it is possible, if not probable, that in event of war nothing can stop a Russian sweep from the Elbe to the Atlantic and that once again France will be occupied by a foreign power. The thought pervades France. It is a force in slowing investments, putting a drag on construction, causing a slow-down in undertaking certain projects which otherwise would be under way. This war psychosis can be described. Its effects cannot be measured quantitatively. Editors, businessmen, members of Parliament agreed emphatically that while it is an intangible, it is a real and positive brake on the economic drive postulated in the plan.

This war factor was summarized with amazing candor by the publisher of one of the largest newspaper syndicates in France.

"France—

He stated—

"could under certain circumstances achieve a magnificent recovery without the Marshall plan. If somehow the threat of war, more specifically, occupation, could be obliterated from the French mind, France would have its own renaissance. If Frenchmen could be assured that there will not be another war for 25 years, the amount of gold that would come out of hiding and go into circulation and investment would dwarf the annual billion dollars received from you Americans; since there is no force on earth which can give that guaranty or assurance, the gold will remain in hiding. As a Frenchman I dislike making this explanation of the hoarded gold of French citizens. It represents their last concrete hedge against occupation by an enemy power. That gold will not emerge."

In the light of this war fear, all plans, projects, and blueprints are viewed as grave hazards by this war-weary generation. It is not easy for Frenchmen to undertake investments which could eventually be expropriated, to accept without reservation the many projects involved in the Marshall plan, or even to listen too enthusiastically to an explanation of its intricacies.

French sensitivity, resistance, truculence: French sensitivity—France's fierce pride—is one of the elements slowing down the operation of the Marshall plan. To be told that the bread they eat contains free flour, their

ralls made of donated steel, their currency backed by donated money, is galling. The suggestion that French should be grateful arouses an antagonism so fierce as to jeopardize the negotiations necessary to the various projects in the Marshall plan, and ECA in its information programs has wisely avoided any suggestions of United States generosity, donations, or gratitude. ECA emphasis is "we are all in this thing together. Let us work."

ECA's American administrators and publicists have long since learned that the kiss of death for any publicity project is the suggestion from any quarter that the United States is doing it out of a kind heart, or that it is a gift, or that France should be grateful. But the fact remains that ECA aid is free aid, and France bristles at the thought.

This sensitivity has deep roots. France still cringes at the memory of its inept pre-war government, the old scandal of disorganization and corruption which resulted in complete unpreparedness against the German assault. The French have debated that sordid chapter for 10 years but still feel a burning shame in the presence of their more successful allies. Again, France carries deep scars from the military debacle, a chapter which it wants to forget and cannot forget.

Reasons mount rather than decline. The humiliation of defeat was worsened by the occupation phase. The French are sensitive about their collaborationists, and finally over the fact that the liberation came at the hands of foreign powers, Allies to be sure—but, except for the role of France's own resistance forces—as military rescue from the outside.

These past events as they relate to the Marshall plan are not farfetched. They have created a French attitude of mind which is almost hysterically opposed to any hint of domination, and a belligerent attitude even toward the best intentioned advice. France has a chip on its shoulder that has no counterpart in, say, Belgium, England, or Italy. In Italy, strangely enough, where the war record was more dismal than that of the French and where collaboration was state policy, there is no such element of belligerent pride to contend with.

The consequences of this attitude, so difficult to visualize in the United States and so real an obstacle in France, are immediate. They have a direct bearing on the rate of progress of the Marshall plan. One result is that the French press, the non-Communist press is lying down. It is not championing the Marshall plan.

The French press is light on the Marshall plan: It is not news that many of the leading newspapers of France can be bought and that their reputation of venality is pretty well founded. As a result any paper adopting a strong position on an issue is inevitably charged with a sell-out. In an issue as controversial as the Marshall plan no paper has cared to go all out. The inference that it is serving American masters would be automatic and widespread. Communist opposition papers set the tone with a blast that the paper is serving foreigners—is not French, has sold France's sovereignty. The charge is echoed by the right with the demand that French affairs be decided by Frenchmen. It does not help the circulation of a French paper to become classified as pro-American or to espouse too eagerly any of the projects of the Marshall plan.

The result is that French papers have adopted a tempered, reserved attitude toward the plan. They do give it some space, preferably factual announcements of developments. But in terms of comparison it is probably safe to say that the New York Times has carried more analytical explanation of the plan's objectives than all the non-Communist French press combined.

Apart from the policy danger of being adjudged a stooge, the French editor is also

personally reluctant to acknowledge the fact of American aid. In a discussion editors will express sympathy for the plan and academic approval of its objectives. But they politely decline to make a crusade of it or even give it the same space on a basis of news value that the Marshall plan is accorded by American papers.

It should also be borne in mind that many French newspapers are in reality outright political party organs and not newspapers in the American sense. They rate their own political party welfare first and news values incidentally.

At least two other facts should be mentioned in explanation of the cursory treatment of the Marshall plan by the French press. Most of the news about the plan is economic—technical copy on industrial and agricultural production, exports and fiscal matters, etc.—which gives it a low priority as against the sensational.

Also, newsprint in France has been in short supply, and even crime items are crowded out of newspapers simply for lack of space.

As a commentary on French news volume, one of the leaders of a parliamentary bloc, and, incidentally, one of the strong supporters of the plan, stated that he is able to follow its daily developments only by reading the New York Times and the mimeographed news releases, mailed directly to him by the ECA Paris office.

The French Government is mute on the Marshall plan: the French Government, and more particularly the executive branch, is making the minimum effort at publicizing the Marshall-plan objectives consistent with its commitment to do so in its bilateral agreement with the United States. The reasons are analogous with those paralyzing the French press.

There is a wide diffusion of the story, carefully fostered by the Communists, that the Government of France has abdicated its sovereignty, that ECA's mission head in Paris is in effect the country's governor general and that policy, whether on taxes, agriculture, the budget, exports, production, or electrification, is ordered in Washington. Like many legends it has sufficient credence to make Government men chary of the accusation of defaulting to a foreign power. Certain tenets of the plan call for rigid internal measures, hard to popularize in any circumstance, and doubly so if they are interpreted as American orders.

There is no intention of saying here, directly or by implication that the Government is not cooperating in other aspects of the Marshall plan, a subject outside the scope of this report. What is said is that the French Government is doing virtually nothing in the field of explaining it to France.

The coalition has not coalesced: Government inaction stems from still another factor, the fact that the present Government is a coalition incorporating a wide range of violently conflicting economic groups. As a general proposition it is unquestionable that the coalition Government has endorsed the Marshall plan. That is, no party within the majority has asked that it be rejected. But even the groups most favorably disposed toward Marshall-plan measures are hesitant about too strong an advocacy of its requirements for fear of scathing charges that they are obeying foreign masters.

Administrator Hoffman's comments on the above sections are as follows:

"Among difficulties blocking information on the plan, the report lists French pride as one of the major factors. It points to the reluctance on the part of public figures to become too 'pro' anything not of French origin. Under the circumstances this is not unnatural, and the more one studies the circumstances the clearer this becomes.

"While it is true that the French Government could do more in publicizing the Marshall plan to the French people, we do not believe that it is accurate to say, as the report does that the French Government is mute on the Marshall plan. There are evidences at hand to dispute such an arbitrary statement."

This parliamentary uncertainty in France becomes clear when contrasted with the startling, vigorous, and unreserved activity of the British Government.

The British contrast: The British Government's campaign to inform England of the economic facts of life, in the course of which it must necessarily bring in the Marshall plan, throws a harsh light on the indecision of the French Government. It is ironic that in France, where the urgency is greatest the effort is least, and that in Britain where Communist activity is weak, the government information program is greatest.

It must be acknowledged that obstacles affecting the French information task do not exist in Britain to the extent they exist in France. The British Government is substantially united on the necessity of informing its people. There is practically no challenge to the labor government's information campaign on the ground that it is political or foreign. Government pronouncements and campaigns are not met with the suspicion and hostility that are voiced in France. The press is not distrusted, and other media of communication are generally more modern and more effective.

When ECA's public information officer arrived on the scene in Britain he found a year-old government agency that was doggedly going about the job of telling the British population about Britain economic crisis and what must be done to resolve it. It was immediately recognized that this was the vehicle for informing the public about the Marshall plan (the fact that outside aid was necessary simply pointed up Britain's economic plight). ECA has channeled most of its information through this government agency.

It is known as the Economic Information Unit, is a direct function of the Government operating under the Treasury, was set up in 1947 in the belief that the recovery of the United Kingdom would be long and difficult, and that the more people knew about their economic debacle the more they would pull together to overcome it. The office has a staff of some 20 operating personnel, a budget of over \$2,000,000, which is four times as great as ECA's entire European budget for its first year, and is headed by a top-salaried official. It is divided into sections, one of which is dedicated entirely to the role of the Marshall plan.

The British Government's economic information unit is not only disseminating a great variety of instruction but is doing so as state policy. It is using the press, radio, films, exhibitions, pamphlets, posters, lectures, special community "weeks," bulletins for management, and management-labor meetings. It quotes an impressive statistical index of coverage, and ECA itself is able to point to an equally imposing array of figures on dissemination of Marshall plan information.

Since the French Government has done nothing comparable and since it faces some real difficulties in doing so, the question is raised whether it can or will ever explain the plan effectively.

The answer is discouraging. The Government could do an effective job of explaining it only when a continuing majority of its political parties believes that explaining it is worth while. Since they are not so convinced, the only conclusion is that the French and American Governments take a different view of the importance of the American effort.

ECA INFORMATION ACTIVITIES IN FRANCE

There is one organization in France that has made an intelligent and consistent effort to get the western side of the story across to France—the ECA information team. This is not to say that it has succeeded; the odds against its doing so on its own are too great. But no account of information on the Marshall plan in France should slight the intensity of its work, the ability of its staff, and its understanding of the delicacy of the job.

The top echelon of the organization is the information section of the OSR. It has a staff of 40 persons, including clerks and non-Americans, to handle all of the work in a program designed to carry the Marshall-plan story directly or indirectly to some 270,000,000 Europeans in 19 countries. It coordinates the activities of all ECA country missions, services American and foreign correspondents with Marshall plan news, provides ECA in Washington with news and feature material about the plan as it is operating; in addition, it assists the French mission in carrying the local information program.

Information specifically for and concerning France is handled by the information section of the ECA French mission with a staff of nine people, inclusive of clerical help and non-Americans.

Assisting OSR and the French mission is the public-affairs section of the American Embassy in Paris which has supervision over the United States Information Service (USIS). This unit has a handful of personnel in the Paris office and five officers in five cities in France. There is a functional division of work between the ECA information units and the USIS. Generally, ECA originates material and USIS supplies the distribution facilities. The arrangement appears to be working well and has confirmed the judgment which led ECA to set up specialized information teams to handle its specialized informational jobs.

The Organization for European Economic Cooperation (OEEC) has a five-man publicity staff, but most observers agree that it has not begun to realize its potential as a voice that can speak to western Europe.

The results of the combined efforts of these organizations are impressive when measured in terms of the small number of personnel attempting to get the western story to the French.

The Voice of America as heard in France, carries Marshall-plan news and feature stories. The French radio and French press carry a certain amount of Marshall-plan news and some features and editorials about it. Results of the deliberations of OEEC are given a fair amount of recognition and coverage. More than 100,000 persons receive, by request, a biweekly publication (*L'Aide Américain*) put out by the French Mission. Americans, and some French officials, draw attention to the Marshall plan in public speeches. A few exhibits have been produced and are being displayed at fairs and agricultural expositions. Pamphlets are produced and distributed. Some releases are directed at non-Communist labor groups. Statistically, ECA can point to a considerable monthly output of information through various media.

But though the ECA and allied forces have been able to get material before an audience to this extent, the over-all results are not impressive when measured against the objectives, when measured against the effectiveness of the vast Communist output, or when measured against the incontestable fact that great masses of French people know little and believe less about the idea back of the American effort.

The odds have been too great. They have been out-manned and out-financed. Most important, the Americans are foreigners, and under the best of circumstances there is a definite limit to what can be disseminated to the French public directly by foreigners. As

noted previously, the Communists, in their pose as Frenchmen, are not confronted by this obstacle.

Despite the obstacles—chiefly financial and psychological—recognized earlier in this report, there is a potential program for overcoming each difficulty in its own sphere.

CONCLUSIONS

Two specific steps can and should be taken to increase reception and understanding of the Marshall plan in France:

1. ECA, in cooperation with USIS, should substantially increase its information activities in France.

2. The United States Government should drive home to the French Government the probable consequences of failure to inform the French people of the objectives of the 4-year aid project.

According to ECA officials, they plan an acceleration of the ECA information program in France. Whether that acceleration will hit a fast enough pace remains to be seen. But in view of the stakes involved the additional effort (most of which can be financed with counterpart funds) should not be left to chance. It should have been undertaken earlier.

Basically, however, the achievement of results on a sufficient scale rests with the French Government. The effort must be made by Frenchmen, by the French press, radio motion picture organizations, labor, and all other appropriate media and organizations. They are the ones, perhaps the only ones, who can talk to their own people. Why expect a people to accept the message of a foreign nation if its own government drags its feet?

As pointed out earlier in this report, the parties in French coalition cannot and will not undertake any informational program unless they are convinced that the end outweighs political differences. There are no signs that such a conviction is about to emerge, and the United States as well as France faces the consequences.

Administrator Hoffman's comment is as follows:

"In its conclusions, the report recommends a substantial increase in information activities in France by ECA in cooperation with the United States Information Service. It also recommends that the United States Government should drive home to the French Government the probable consequences of failure to inform the French people of the objectives of the Marshall plan. Steps to accomplish this are already under way and are being developed with vigor in the full realization that we have no time to lose."

THE GENOCIDE TREATY

Mr. HUMPHREY. Mr. President, the United Nations convention outlawing genocide awaits action by the Senate Foreign Relations Committee. Genocide, which is the mass destruction of a national racial or religious group, was outlawed by the United Nations in December 1948. The convention entered into at that time was signed by 21 nations, including the United States. In the past 18 months, 15 of those nations have ratified the treaty. Ratification by the Senate of the United States is conspicuous by its absence.

The Genocide Treaty is a most significant step in the development of international law and international morality. By officially declaring that genocide is a crime against the world and against humanity and a violation of international law, it marks a most significant advance toward the replacement of force by morality as the mainspring of world affairs. Individual murder has long headed the list of internationally

recognized and extraditable crimes. Nevertheless, group murder has never been legally curbed.

We can take pride in the fact that American representatives were leaders in bringing the United Nations to adopt the antigenocide convention. In this respect, I want to pay special tribute to Prof. Raphael Lemkin, visiting lecturer in law, Yale University. The provisions of the Genocide Treaty embody American principles of justice and morality. The United States has everything to gain and nothing to lose by the advancement of those principles throughout the world.

I urge the Senate Foreign Relations Committee and the Senate of the United States to ratify the Genocide Convention promptly.

Mr. President, I ask unanimous consent to have printed at this point in the Record an editorial entitled "Humanity Is Our Client," which appeared in the New York Times of June 11, 1950.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

HUMANITY IS OUR CLIENT

The Genocide Treaty should not be permitted to go by default. Must more national or political groups be wiped out or kidnapped (as thousands of Greek children have been kidnapped) before the United States calls genocide an international crime and invokes, in concert with other nations, swift and just punishments? There is hardly a representative group in the country—labor, veterans, citizens' committees, women's clubs, clergymen, businessmen, public officials—that has not thrown its support behind prompt action on ratification of the treaty. Yet once again we face the prospect of time running out, as adjournment of Congress nears.

In the international councils preceding the acceptance of the pact in the United Nations the United States fought hard for its adoption. In the past 18 months 15 nations have ratified the convention—ironically, all of them small nations. Twenty ratifications are needed to make the treaty law and binding upon nations. Is the United States to lose its moral leadership in this good cause?

The pact is awaiting action and recommendations by the Foreign Relations Committee; from there it proceeds to the Senate floor for full debate. The President has long indicated that he stands ready to ratify on the Senate's recommendation, and time is of the essence. As Prof. Raphael Lemkin, one of the pact's chief architects puts it: "Humanity is our client. Every day of delay is concession to crime." The United States cannot be a party to that concession.

PLATFORM OF NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE FOR 1917 AND 1918

Mr. HUMPHREY. Mr. President, in the course of the recent debate on S. 1728, a bill to create an FEPC, the allegation was repeatedly made by the opposition that the movement for FEPC had its origin in the Communist Party platform of 1928. I repudiated that allegation on the floor of the Senate, and consider it an affront to all the millions of American men and women who are in favor of FEPC legislation because it is consistent with their religious principles and not because of any political considerations. In fact, I pointed out that FEPC legislation was in reality the one thing the Communist Party in America did not want to see enacted because it

would undermine their activities here in the United States.

I now bring to the attention of the Senate further documentation which once and for all demonstrates the injustice and unfairness in connection with the attempts to besmirch this legislation with a Communist tag. I have in my hand a photostat of the platform of the National Association for Colored People for the years 1917 and 1918. It is a summary of the eighth and ninth annual reports of that organization published in January 1919.

I ask unanimous consent that the cover page and page 76 of that platform be incorporated at this point in the RECORD. It clearly demonstrates that one of the objectives of this organization from its early years was equal opportunity in employment.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

REPORT OF THE NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE FOR THE YEARS 1917 AND 1918—EIGHTH AND NINTH ANNUAL REPORTS—A SUMMARY OF WORK AND AN ACCOUNTING—JANUARY 1919

X. THE TASK FOR THE FUTURE—A PROGRAM FOR 1919

First and foremost among the objectives for 1919 must be the strengthening of the association's organization and resources. Its general program must be adapted to specific ends. Its chief aims have many times been stated:

1. A vote for every Negro man and woman on the same terms as for white men and women.
2. An equal chance to acquire the kind of an education that will enable the Negro everywhere wisely to use this vote.
3. A fair trial in the courts for all crimes of which he is accused, by judges in whose election he has participated without discrimination because of race.
4. A right to sit upon the jury which passes judgment upon him.
5. Defense against lynching and burning at the hands of mobs.
6. Equal service on railroad and other public carriers. This to mean sleeping-car service, dining-car service, pullman service, at the same cost and upon the same terms as other passengers.
7. Equal right to the use of public parks, libraries, and other community services for which he is taxed.
8. An equal chance for a livelihood in public and private employment.
9. The abolition of color-hyphenation and the substitution of straight Americanism.

SOCIAL SECURITY ACT AMENDMENTS OF 1950

The Senate resumed the consideration of the bill (H. R. 6000) to extend and improve the Federal old-age and survivors insurance system, to amend the public assistance and child-welfare provisions of the Social Security Act, and for other purposes.

The PRESIDING OFFICER. What is the further pleasure of the Senate?

Mr. GEORGE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERTSON. Mr. President, I ask unanimous consent that the order for a quorum call be rescinded and that

further proceedings under the call be suspended.

The PRESIDING OFFICER (Mr. HOLLAND in the chair). Without objection, it is so ordered.

Mr. ROBERTSON. Mr. President, we have before us today a bill consisting of 391 pages. It deals with one of the most complicated and intricate subjects that any legislative body ever attempted to handle.

During my 10 years of service on the Ways and Means Committee of the House of Representatives, the most arduous duty I discharged was in an effort to improve the original Social Security Act, which was passed, as I recall, in 1935.

The fiscal basis of the original Social Security Act was, first, that we would set up a self-supporting, self-liquidating insurance fund; and, second, that we would create a trust fund of approximately \$50,000,000,000, with which to meet death benefits and retirement claims, which would accumulate through the years, and finally would reach a very large amount.

However, that plan was criticized—and, I think, properly so—from the standpoint that the payroll taxes imposed, one-half of the amount to be paid by the employer and one-half to be paid by the employee, to finance this insurance system would be spent by the Government as received, and the Government would then put in the trust fund what some persons called the Government's I O U. Of course, it was a little bit more than what is ordinarily called an I O U, because it was an official Government bond; but the fact remained that when the demand for payments exceeded the current income and the Government was forced to resort to this trust fund for payment, new taxes would have to be imposed to get the money, unless the Government was running at a surplus at that time and could afford to sell some of its bonds on the open market, in order to obtain money.

In 1937, as I recall, months of hearings were held on this problem. We had the benefit of so-called experts in social security and we had the benefit of so-called mortuary experts and pension experts. However, Mr. President, I soon became convinced that if there was any man on any committee who really knew how to frame a system of this kind and at the same time to properly and adequately evaluate the political considerations which grew out of the various proposals for coverage and in regard to how the collections could be made, that man could get a job at any time he wanted at a salary of \$50,000 or \$75,000 or \$100,000 with any one of the big insurance companies. On our committee we simply did not have such experts. In fact, I doubt that there is any living man who could take these nearly 400 pages of a bill which, as I have said, deals with this very difficult subject, and could analyze them and could tell exactly what is in the bill and how it will work out 10, 15, or 30 years from now.

As a matter of fact, Mr. President, the best experts we had before us claimed that they wanted at least a 25-percent margin of error in all of their computa-

tions. They said that was about as close as they could gage earning power on which the tax would be levied; increases or decreases in employment; the opportunities for men to remain employed up to a given age; and the inherent difficulties of collections—if, for instance, the program was extended to cover those who keep no regular books, such as domestics, and who perhaps would be given a book in which they would paste stamps; and the difficulty of bringing farmers under the system, inasmuch as farmers ordinarily keep no regular books, to say nothing of the fact that only a few years ago the average income of the average farmer in the United States was only \$600. To require him to provide old-age pensions and so-called security for either his regular or his temporary employees would present a problem which we did not know how to solve.

In the preparation of House bill 6000, the House committee spent weeks on the hearings, and still further weeks in executive sessions. Then the House passed the bill and sent it to the Senate. That happened last October.

Off and on, for most of the present session, the Senate Finance Committee, composed of some of the very ablest Members of the Senate, have been at work on this bill.

Frankly, Mr. President, it would be presumptuous for me, without having attended all those hearings; without having had an opportunity to read the voluminous record compiled by the committee—it would take weeks and weeks to read it; without attending any of the executive sessions where the conflicting viewpoints and views and matters were debated back and forth, to attempt to analyze or criticize what is contained in the Senate version of House bill 6000.

Mr. SCHOEPPEL. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. SCHOEPPEL. Is not that a very good reason why the suggestion by Members of the Senate that additional studies be made by the Senate on this subject, is in order?

Mr. ROBERTSON. Undoubtedly. Yet after 2 years of study, we are expected to do something on this subject now. However, it was my understanding that it was the opinion of the distinguished members of the Senate Finance Committee that they have gone as far as they dare to go in this bill, and then they propose that before we go any further, the best possible study be made of what is involved.

Mr. SCHOEPPEL. Mr. President, will the Senator yield further?

Mr. ROBERTSON. I yield.

Mr. SCHOEPPEL. What I particularly had in mind was that some of the areas of coverage which are lacking in this measure, should be the object of additional studies on the part of the proper committee and on the part of the Senate itself. Does the Senator agree that that is about the only practical way we can approach this matter on a businesslike basis?

Mr. ROBERTSON. I wholeheartedly agree. It would be unfair to ourselves and perhaps very harmful to the Nation we are trying to serve if we were

to move blindly into so technical a subject, however much we should like to see a complete coverage of social security for the entire Nation. I fully agree with the distinguished Senator from Kansas that the coverage which is not provided by the Senate version of House bill 6000 should be studied, with an indication given to those who are not covered that all appropriate suggestions concerning their future coverage will be fully considered by the Congress.

However, Mr. President, it is my understanding that the coverage in the Senate version of House bill 6000 is substantially larger than that of the House version of the bill. My distinguished colleague, the senior Senator from Virginia [Mr. BYRD], helped to frame the bill, and he is now on the floor of the Senate. If I am in error on that point—let me repeat that I have not had an opportunity to fully analyze this bill—I should be glad to have him correct me.

Mr. BYRD. The Senator is correct; the coverage has been substantially changed.

Mr. ROBERTSON. Mr. President, my distinguished predecessor, the late Carter Glass, used to tell me that WALTER GEORGE, of Georgia, was one of the noblest men he ever knew, and one of the ablest men with whom he had served throughout a very long legislative career, first in the House, then in the Senate. In the multitude of duties which are pressed upon every Member of the Senate, it becomes a matter of physical impossibility for him to be fully and adequately advised about every bill which comes before the Senate. I happen to be sitting on the Banking and Currency Committee, which has, at this session, reported more bills, excepting private bills which go on the Senate Calendar, than any other committee of the Congress. We have had more hearings on bills, so our clerk tells me, than almost any other committee of the Congress. I might except the Finance Committee, which has had before it these two very highly technical and controversial matters, the social security bill and certain matters relating to taxation. And I am also serving on five subcommittees of the Appropriations Committee. And so I say, Mr. President, that every Senator in certain phases of his legislative work must to some extent rely upon the demonstrated ability and the demonstrated correctness of those who bring legislation to the floor of the Senate for the consideration of their colleagues. I am happy therefore whenever a man of the stature of WALTER GEORGE, of Georgia, brings a bill before us and tells us that under all the circumstances it is about as good as he was able to do.

It is also a source of gratification to me when the senior Senator from Virginia puts his name to a bill and asks favorable consideration by his colleagues, because I have been associated with him in a very close way from the time we were desk mates in the Senate of Virginia, commencing in January 1916. I know, as his other colleagues in the Senate have so well learned to know, his business judgment and the care with which he scrutinizes all proposals which

may result in a tax burden upon the American people.

Last night I was discussing the Senate bill with a Member of the House who had been very active in the preparation of the House version of the pending measure. He told me, and possibly it was quite natural for him to think so, that he thought the House bill was better than the Senate committee bill. I said, "Why do you say that?" He replied, "In the first place, the Senate committee bill increases the benefits to be paid, and decreases the tax collections with which to pay them." I have had no opportunity since last night to check the provisions of the House bill against those of the Senate committee bill, and so I merely give as my authority one member of the House committee who assigned that as one reason for his believing that the House bill was a sounder bill than the Senate committee bill.

Back in 1937, all proponents of social security and all the experts who testified before us said that our objective was to be a self-supporting insurance plan. At every hearing we had from then until I left the committee to come to the Senate side in 1946, those experts constantly told us we were dealing with a 3-percent program. That was on the basis of the old benefits. What did they mean by that? They meant a program under which it would be necessary for both employer and employee to contribute 3 percent to the fund during the working period of the employee, if we were to have a self-supporting program, one that did not eventually have to turn to the Federal Treasury for the promised benefits.

It is unnecessary to do more than review the repeated action of the Congress to stop the step-up of the payroll taxes, and to look at the payroll taxes which are carried in the House version of the pending measure and the Senate version of it, to know that we do not have a 3-percent program. We have a program which undoubtedly is headed for a very large deficit, from the standpoint of being self-supporting, at a date not too far distant.

Just what solution we should make of that serious problem I am not prepared to say. I am glad, however, that it is the plan of the Senate Finance Committee not only to make a further study of additional coverage, but I am sure that it must cover a study of how this plan is to be financed in the future, whether we will keep the payroll taxes down and have just enough to meet current demands on the fund, or whether we will put them up to meet the accruing liability. If so, how will we preserve and how will we invest an accumulated fund of that kind so that it will not in the end be dissipated perhaps on domestic spending schemes of various kinds, and then face the necessity of placing an additional tax upon employees who have already paid a special tax for the pension that will be paid to them in their retirement?

It is my present intention, Mr. President, to support House bill 6000, but I shall consider some of the amendments which I understand will be offered, be-

cause I understand there was not complete agreement in the Finance Committee on everything that was included in this bill, which was reported, I believe, by a unanimous vote. As a matter of fact, I do not feel that I am disclosing any confidences when I say that the distinguished chairman of the committee recently told me, when I asked him what he thought of the bill which had been reported, that he thought possibly there could be several amendments adopted on the floor that would improve the Senate bill.

I shall vote for the bill with such appropriate amendments as I may see fit to support from the floor, because I realize the necessity for a pension system under the economic conditions as they have been developed in this country.

We are in the grip of a machine age which attaches more importance to physical vigor and alertness than to maturity of judgment and experience. As a result, the age at which men can remain gainfully employed is being reduced, and the age at which a man can reenter industry, if he is so unfortunate as to lose his job, is being materially reduced. It is almost impossible, Mr. President, for any industrial worker past the age of 50 years to enter a new firm; and the requirement of retirement at 65 years of age is becoming almost universal in the large industrial areas of our Nation. While this machine age, which weds the nimbleness of a man's fingers to an electrically operated machine and requires a minimum of his brain power and experience, is gradually easing men out of gainful employment, our doctors, thanks to a remarkable advance in medical science, are adding approximately 5 years to the life span of the average man. As a result, we find the number of those persons above 60 years of age increasing at a far more rapid rate than we anticipated 10, 15, or 20 years ago, and we find a growing sentiment among children that it is the duty of the State, and not their duty and loving privilege, to support their parents in old age. There never has been a time in this Nation, so far as I know, Mr. President, when the average man, to say nothing of that large segment of workers receiving below the average income, could save enough during his active working years to provide comfortable and adequate income in his sunset years. They did try to buy a little home, and they usually could do it if they would work and save. They sometimes carried a little insurance, but generally that was for the protection of the widow; it was not for their lifetime. They usually raised large families and trained the children to think that one of their duties in mature life was to return to the parents the care and love expended on the children in their infancy and as they were growing up. Unfortunately, that sentiment in this Nation is changing, and it is not a change for the best. It is doing something to our families; it is tending to disintegrate the ties which in the past have held families together.

Mr. President, this morning I received a letter from a friend touching on this

subject, which I want to read to the Senate, because I think it is a thought-provoking letter. It reads as follows:

JUNE 12, 1950.

The Honorable A. WILLIS ROBERTSON,
United States Senate,
Washington, D. C.

DEAR SENATOR ROBERTSON: Upon my recent return from a brief sojourn on my farm near Charlottesville, I found the copy of your speech on the Preservation of Private Enterprise you have been so kind to send me. I have read it with genuine interest and I think it is excellent. The kind of thinking and concepts voiced by you, it seems to me, represents the type of philosophy under which this Nation has grown great. The trend away from the sound doctrine enunciated by you, however, is something about which, I think, there is a woeful lack of due concern throughout the Nation. Our people (maybe it is true of all people), are dangerously inclined toward complacency until they are personally pinched.

I suspect Captain Kincaid had passed on to you the copy I had given him of a speech delivered by the vice president of Marshall Field Co. in Chicago. His views, similar I believe, to yours, had, I thought, been set forth quite well.

In a speech recently delivered somewhere, perhaps before the board of directors, by Benjamin A. Fairless, president of the United States Steel Corp., I noted an enunciation of views similar to yours, bearing upon the importance, indeed the vital essentiality of private enterprise, if our way of life is to endure. I think if you have not already seen a copy of the Fairless speech entitled "Man's Search for Security," you would be interested in noting some of his comments which I will quote verbatim as follows:

"I believe, and I think you do too, that all human beings grow in dignity and self-respect by reason of accomplishment and the assumption of responsibility. The spirit of independence, or of confidence, or of self-reliance, is mightily nourished by the exercise of one's own efforts. Moral stature is increased and moral fiber is strengthened by each job done with the free play of one's own ability. Ambition, which inspires men to attainment, is fed by an atmosphere of endeavor. In short, a man develops by standing on his own feet. He does not wax strong by having others do for him what he can and should do for himself.

"Are we interested in the cultivation of these qualities in our own citizenry? Have we properly appraised the value of the spirit they create, in terms of a powerful influence for the preservation of freedom in America? If this land of opportunity, where men traditionally have enjoyed more independence than in any other, is to maintain that national spirit which has blessed it from the very beginning, it must carefully foster the dignity, self-respect, moral stature, and self-reliance of the millions of individuals which make up the integrated whole.

"Too much coddling, too much paternalism, too much recession from personal responsibility can have a decidedly weakening effect upon the aims and purposes of man. With the possibility of lapsing into a feeling of security provided wholly by others, the time-honored emphasis upon thrift is pushed into the background, and one of the spurs to maximum effort becomes inoperative. We should take thought then, serious thought, that in our over-all approach to this matter of planning security, we do not adopt methods which will wither the spirit while catering to the needs of the flesh. Already we find that many young men who are on the point of entering industry inquire first about pensions, benefits, and other elements of social security to be provided for them, while they manifest secondary interest in the op-

portunities lying ahead for a successful career, based upon the exercise of their own abilities. Little is the wonder that this distortion has taken place, with the atmosphere so filled with conflicting discussions about the merits of guaranteeing security throughout the entire span of life, with socialized this and socialized that applying at every point."

There is no question in my mind that too much ado over security at the expense of a healthy interest in opportunity has come to be the order of the day.

I have no doubt that this Nation abounds with individuals sufficiently endowed with common sense and realistic convictions to guide its destiny safely and efficiently, and I am not concerned so much over the fact that there are individuals in high offices whose ideas seem to be detrimental to the best interests of the country as I am with the evident reality that the voting public contains sufficient members of an ilk likewise imbued with questionable ideas to vote their candidates into high office. In fact, the alarming aspect of this situation is that this type of citizen seems to be on the increase.

History seems to indicate that given time, society always succeeds in socializing itself. It is nevertheless my doctrine that the view that history repeats itself, is fallacious. History only points its finger at what to expect unless men of vision and courage and enthusiasm and energy rise up and do something about it. Someone has observed that social security as it is being dished up to us today, is a sort of death. Security is not a living instrument unless it is a part of our own effort and planning. It is the striving for security that really preserves it. Security cannot be promised, bestowed, or endowed. It is the product of each individual's work, planning, saving, thinking, and holding. Security is not security when it is only a politically promised social gain. It is then a political gain and an individual loss.

George Washington uttered a profound truth when he said, "He who seeks security through surrender of liberty loses both."

With kindest regards and best wishes, sir, and again thanks for the copy of your fine address.

I shall not include the name of the writer of that letter, because I am using it today without having had an opportunity to get his consent to use it. Therefore I am not at liberty to disclose his name. I am sure that he would have no objection to my using his splendid statement about what now confronts us to illustrate my point that while a machine age and a highly socialized state, together with an economy which is rapidly maturing, is forcing us to provide so-called security by way of old-age pensions and retirements we must not in our enthusiasm for that type of program, which may be very popular politically, lose sight of the fundamental fact that the greatest security for the people of this Nation is the security which comes from a system of private enterprise in which there are openings for men of brains, energy, and ability, and employment for which there is an adequate reward for those who prove their superiority in those high fields. The writer of the letter from which I have quoted referred to a speech which Mr. Benjamin Fairless had made on some previous occasion. I recently saw a copy of a speech which Mr. Fairless had made in Boston. I believe it was made on the 19th of May. I have a copy of that speech before me, Mr. President, but as I am already late for a meeting of the Committee on Ap-

propriations, where we shall be engaged in marking up a very important appropriation bill, I shall not take the time to read from this speech as I had previously intended to do. The speech is built around the theme that there are some bodies or groups of bodies in Washington which are throwing monkey wrenches into the business machine. Mr. Fairless said that if certain manufacturers get together and fix a price for their product they get prosecuted under the antitrust laws for price fixing. If they do not get together and attempt to meet competition in a given area by absorbing freight, they are prosecuted under the Robinson-Patman Act. He said thousands of manufacturers do not know which way to turn. They do know that whichever way they turn will be wrong. We tried to take that one monkey wrench out the other day when we passed S. 1008. Oh, how that bill has been misrepresented, Mr. President. The druggists of Virginia were the largest group that applied pressure on me from the time the conference report on S. 1008 reached the Senate until the final vote was taken on the bill. I do not know one in that group who has not benefited from freight absorption. We do not have any great drug manufacturing concerns in Virginia. We buy from a firm in Baltimore or from its branch office in Norfolk. There is a big firm from which we buy which is located near the border between Virginia and Tennessee. It is in Bristol. I do not know whether it is Bristol, Va., or Bristol, Tenn. However, it is down in the far corner of Virginia. Yet every druggist in Virginia can get a proprietary remedy at the same price anywhere in the State, because the manufacturer absorbs the freight on it, and it is sold at the same price under the Robinson-Patman Act. Suppose there was some small drug manufacturing company which was selling all over the United States. It could not absorb freight if the President vetoes S. 1008, nor could he build a series of new plants.

I hope the President does not veto that bill. I am satisfied that the amendment, prepared by the Attorney General and included in the conference report, is an adequate safeguard against anti-trust-law violations.

I asked a very distinguished representative of our Government how S. 1008 was going to come out.

He said, "The best I can tell, it is 50-50."

I said, "Do you mean that the President is just as apt to veto that bill as to sign it?"

"Well," he said, "he has some mighty strong friends urging him to sign it, and some equally strong friends urging him not to sign it."

He cannot be quite like the candidate who was running for the legislature. He was young and inexperienced, and one of his political advisers said, "Now, Bill, you are going out to sell yourself to the people. You're going to make some speeches to the people. There is one thing you must not do; you must not say anything about that squirrel law."

Bill said, "I will not."

He got through his speeches fine until he got to the last night, when he made a powerful speech, because he saw victory in his grasp. He warmed up, and really went to town. Just before he sat down, one old farmer in the hall said, "Bill, you haven't said anything about that squirrel law."

Bill said, "My friend, I'm awfully glad you raised that question. I have some mighty good friends in favor of the squirrel law, and I have some mighty good friends who are opposed to the squirrel law, and I want to tell you I'm going to stick by my friends." [Laughter.]

I express the earnest hope—although it would not have any immediate effect on H. R. 6000—that the President will not veto the basing-point bill, because jobs are more important than pensions. Jobs come before pensions, unless we are going to knock the bung out of the Treasury and distribute the benefits of the accumulated wealth of past generations. One of the things that will stimulate business and help to make jobs is the removal of the present uncertainty as to what a man can do and what he cannot do and remain in business and stay out of jail.

LABOR MONOPOLY

Mr. President, there is another bill pending in the Senate. I do not expect to get any action on it this year, but I do wish to mention it so that it may be close to the hearts of my distinguished colleagues after November. I refer to the bill I introduced last January to amend the antitrust laws to provide that labor leaders exercising a monopoly shall not exercise that monopoly to unreasonably restrain production or to fix prices of goods or services that are of national interest and concern.

Consider the situation which confronts the coal industry. It was a consideration of that situation that got me into the study of labor monopoly, the 3-day week, the 2-day week, the 1-day week, and the no-day week.

The price of coal is now so high that our distinguished colleagues from West Virginia and other coal-producing States are coming to us with tears in their eyes, asking us to put what would amount to a prohibitive tariff on the importation of foreign fuel oil, in order that coal from Virginia, West Virginia, and Pennsylvania may not lose its historic market in New England. That market is being lost today, and what is the effect? It means unemployment in the coal mines; it means fewer and fewer to work and pay payroll taxes for the benefit of those who are retired.

Mr. President, the hearings on my bill are now available. The bill was favorably reported to the full committee by a very fine subcommittee composed of the Senator from Mississippi [Mr. EASTLAND], the Senator from Maryland [Mr. O'CONNOR], and the Senator from Missouri [Mr. DONNELL], three very able and fine Members of the Senate. They heard the evidence. They considered it very maturely, and unanimously reported the bill to the full Committee on the Judiciary. As I have said, the hearings are now available. I hope the Members of

the Senate will read them. They are very illuminating.

Another thing I feel we have to consider in connection with any bill like H. R. 6000, to levy taxes on those who work to take care of those too old to work is whether those who are able to work are going to have jobs. If they are, let Congress impose no unreasonable burden upon those who are willing to save and invest their funds in plants and equipment which would afford others the opportunity of working.

It is said that it now takes an average of \$10,000 to give just one man a job in a plant. The time has passed when the blacksmith could go out under the spreading chestnut tree, with an anvil and a bellows and a big hammer, and hammer out his horseshoes by the sweat of his brow. He could do that in the old days. He could stay out under any old chestnut tree where there was fresh air and romance. When I was a boy there was nothing I enjoyed more than to see the great muscles of the blacksmith and to smell the odor of the burning horse hoof. I was a farm boy, and loved everything about horses. But the blacksmith could make only 12½ cents an hour. He could not get by on that now. He would starve to death, I do not care how hard he would work. His prototype is now working for General Motors, or United States Steel, making \$2 to \$2.50 an hour, not sweating nearly as much. He is making what looks like good money, but he does not know whether he is going to be there after he is 60 or not. He knows he is certainly not going to be there after he is 65. That is why I favor a social-security system, and I think we should do what we can to make it a good and comprehensive one.

We have also to consider whether we are going to continue the boast that with 7 percent of the population of the world we produce 50 percent of the world's wealth. We have to consider the plans under which men with \$10,000 jobs are willing to save and invest their money in order to give the worker a chance to start in life, and to qualify for a social-security pension.

Mr. President, I am glad to see before me today my distinguished colleague, the junior Senator from Mississippi [Mr. STENNIS]. Last fall we had a delightful trip together through 14 countries of Europe. He and I did a good deal of inquiring about why those countries were hard up, why they needed so many billions from us. That was not so strange for a distinguished representative from a State which is listed in our statistical books as having the lowest per capita income among all the States of the Union. Virginia cannot boast too much about per capita income, but fortunately we have a few great industrial plants, and have diversified our farming a little, and are not as poor as we used to be, though, we cannot boast too much. But we wanted to find out what was the matter in Europe.

One of the things we ascertained was that many rich people of France, Italy, and Greece were evading income taxes.

Second, we found that there were plenty of people with money over there

who would not put it into their own industries, simply because they did not trust their governments, or did not know whether communism was going to involve them from within or without. They had their money in hiding, or they had it in the banks of Switzerland.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. ROBERTSON. I yield.

Mr. LUCAS. The Senator is talking about the flight of capital from Greece into Switzerland. The Senator will recall that back in 1931 and 1932 in this country there was a flight of money out of America into Canada and to other countries because people feared at that particular time that the economy of this country was on the rocks. The Senator will recall that many of those who had a great deal of money took their money out of the country because they had no confidence in their own Government at that particular time.

Mr. ROBERTSON. I know that is true. And in 1934, over the protest of my distinguished predecessor, in whose judgment I had great confidence, the late Senator Carter Glass, I voted that the United States go off the gold standard because people were hoarding gold at a time when we were facing a shortage of money and at a time of great depression. Senator Glass always claimed that was an immoral act. It was of doubtful legality, I admit. The Government promises a man to pay him in gold, and then says, "Forget about it. We will pay you in a silver certificate or a bank note of the Federal Reserve System." But in my opinion we were forced to do it.

Oh, I will say to our distinguished majority leader, I do not stand on this floor and try to condone everything that has happened in this country in the last 50 years. There has been plenty of selfishness in industry. There were plenty of industries financially able to set up a company-pension plan and a health plan and things they did not do until some labor union compelled them to do it.

I shall always rejoice in the fact that the main railroad that serves Virginia, the Norfolk & Western, years ago adopted a pension system for all its employees, from the lowest to the highest—a liberal pension plan. Those employees did not want to go into the Railroad Retirement Act when it was first passed because they thought they would be better off under their own company plan.

There were two other railroads in Virginia, however, that did not have any retirement plan at all, and, so far as I know, would not have one today if we had not passed the Railroad Retirement Act.

Incidentally, I take some credit for working out, after the Supreme Court had set that act aside, because of its unsound fiscal provision, a sound fiscal plan that stood up and is providing a fine retirement system for the railroads. Naturally I did not appreciate it when I was placed on the railroad brotherhood's black list in 1948, but that is one of the hazards one incurs for having supported the Taft-Hartley Act which specifically exempted the railroad brotherhoods. But they did not draw a fair distinction.

I will leave that subject now. The Senator from Illinois got me a little bit off the subject.

I want to go back to my statement that I do not condone the selfishness of those corporations who combined and squeezed the last dollar out of the consumer. But that is no excuse for condoning labor leaders now who are exercising more power than the corporations ever tried to exercise in their control of certain basic industries. It is all tied up with the social security program, because there is your job. I definitely believe that if we can economize in spending, if we can reduce the tax on corporations, if we can ease upon that super-duper tax in the higher brackets where we tax first the earning that a man's money has made in the corporation, and when it comes to him as a dividend less 38 percent, we hook him again for a top of more than 80 percent. If we can ease that sum, if we will encourage those men to use their savings for plant expansion, to give more jobs, that is just as important as a plan to pension workers. If we do not have workers to tax as we go along, we have no funds to pay those who have already retired or will shortly retire, except out of the public.

Mr. President, I hope my distinguished colleagues will forgive me for attempting to discuss a bill concerning which I know so little. But I explained at the outset that I do not believe there is any Member of the Senate or the House who can sit down and tell us everything that is in the bill, and I know there is not one who can tell us how the provisions of the bill are going to be working 10 years from now. There are provisions in the bill which we take on faith. There are things we have to go along with because the general program is what we approve, even though we do not know all the details.

I conclude as I began; I rejoice that two so outstanding friends and colleagues as the senior Senator from Georgia [Mr. GEORGE] and the senior Senator from Virginia [Mr. BYRD] have brought this bill to us with their endorsement, which makes it much easier for me to accept it without the kind of knowledge I like to have and try to have when I am voting on a program that will ultimately run into billions of dollars.

Mr. GEORGE. Mr. President, I am not prepared to offer amendments now, but I give notice that I shall offer an amendment which I hope the Finance Committee will approve, making the effective date of the appropriation for the children's fund carried in the bill, the date of the enactment of the act itself, so that advance planning may be quite possible both for the agency and for the States.

I also give notice that I shall, for myself, offer an amendment to bring under coverage traveling salesmen who work for one employer principally, and who takes orders for delivery by the manufacturer or the wholesaler. This amendment I hope to be able to present tomorrow for printing.

REFERENCE OF RESOLUTION CALLING FOR INVESTIGATION OF THE HANDLING OF THE AMERASIA CASE BY THE DEPARTMENT OF JUSTICE

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. CAPEHART. I should respectfully like to make inquiry of the distinguished Vice President, who now occupies the Chair, as to when he expects to refer to a committee the resolution (S. Res. 295) I submitted yesterday regarding the handling of the Amerasia case by the Department of Justice.

The VICE PRESIDENT. The Chair is not able to state the exact hour and minute when the reference will be made, but the Chair will announce his decision when he makes it. However, it will not be made today.

Mr. CAPEHART. It will not be made today?

The VICE PRESIDENT. No.

Mr. CAPEHART. Might it be made tomorrow?

The VICE PRESIDENT. That might be; but the Chair is looking into certain phases of the matter on which he would like to satisfy himself before making the reference.

Mr. CAPEHART. I thank the Chair.

LEGISLATIVE PROGRAM—ANNOUNCEMENT REGARDING CALL OF THE CALENDAR ON FRIDAY

Mr. LUCAS. Mr. President, apparently there are no other speeches to be made today upon the pending bill.

We have reached an agreement to vote upon the bill and all amendments thereto at 4 o'clock on next Tuesday. In the meantime, I think it goes without saying that there will be a certain lull in the debate, and it may be possible on Friday to take up some measures which are now pending on the calendar. I have reference particularly to Calendar No. 1790, House bill 7579, to extend the Rubber Act of 1948, and for other purposes.

If there are any conference reports, Mr. President, which are ready to be taken up on tomorrow, I hope we may be able to do so.

Mr. WHERRY. Mr. President—

Mr. LUCAS. I yield to the Senator from Nebraska.

Mr. WHERRY. With reference to the suggestion made by the distinguished majority leader that on tomorrow, if there comes a time when there is a lull in the debate on the social security bill, one of the bills which he might move to have the Senate take up would be House bill 7579, Calendar No. 1790, a bill to extend the Rubber Act of 1948, let me inquire whether the majority leader has been advised that some members of the Banking and Currency Committee want the bill recommitted to that committee.

Mr. LUCAS. I do not believe there is a desire on the part of any Members on this side of the aisle to have the bill recommitted to the Banking and Currency Committee.

Mr. WHERRY. If it is not to be recommitted, I believe there are some members who wish to file a supplemental report. I mention this because I wish to cooperate in every way with the ma-

jority leader in getting before the Senate any other proposed legislation which it is possible to consider tomorrow, in the event there is a lull in the debate on the social security bill.

Of course the majority leader has said it would be up to whatever Members who wish to file supplemental reports to file them at that time. However, I agree that the bill should come before the Senate at an early date.

Mr. LUCAS. Yes. The basic reason for the early consideration of House bill 7579 is the deadline which must be met.

Mr. WHERRY. Yes.

Mr. LUCAS. Mr. President, I should like to notify the Senate that inasmuch as there are a few bills on the calendar, on Friday I probably shall move to have the Senate consider unobjected-to bills on the calendar, beginning at the point where the call of the calendar was concluded on June 8.

Mr. WHERRY. Mr. President, it is my understanding that that would have to be done by unanimous consent. Before I would give such unanimous consent, I certainly would like to have reports on the bills submitted to the Senate, so they can be considered. Of course that comment does not apply to some of the bills on the calendar, on which reports already have been submitted.

Mr. LUCAS. If there are no reports on certain of the bills on the calendar, and if any Senator objects to the consideration of a bill on the calendar on that ground, when the bill is reached during the call of the calendar, I say to the Senator that I, too, certainly would want the bill passed over.

Mr. WHERRY. I would not wish to join at this time in a unanimous-consent agreement relative to calling the calendar on Friday, although we may be able to work out such an agreement.

Mr. LUCAS. I hope we may be able to do so, because I would dislike very much to have the calendar run for as long as it did recently without being called.

Mr. HENDRICKSON. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. HENDRICKSON. I am delighted to hear that in the future we shall not have long delays between calendar calls. I think it is a very poor practice to let long periods of time elapse between calendar calls, and I think it will be very helpful to the Senate and will expedite the business of the Senate to have regular calendar calls in accordance with the spirit of the rule.

Mr. WHERRY. Mr. President, will the Senator yield?

Mr. LUCAS. I yield.

Mr. WHERRY. Since making an observation, a minute ago, regarding the announcement relative to the intention to request consent for a call of the calendar on Friday, I have been informed that most of the reports I had in mind have been filed, finally, today. If the distinguished majority leader will permit us to check this evening on the remainder of the bills I had in mind, I shall have no objection to a request for consent to have the calendar called on

Friday, if a request to that effect is made at noon tomorrow.

Mr. LUCAS. I thank the Senator.

On the calendar there is another bill to which I should like to call attention and which might be considered on Friday, in the event it is not passed during the call of the consent calendar. I refer to Senate bill 960, Calendar 1791, a bill relating to the Reserve components of the National Military Establishment. In discussing that bill a few minutes ago with the senior Senator from Massachusetts [Mr. SALTONSTALL] he said he doubted that there would be any objection to the bill after a short explanation is made.

Mr. WHERRY. Mr. President, as I understand, both those bills are on the calendar. Is that correct?

Mr. LUCAS. That is correct.

Mr. WHERRY. So if a determination is reached to have the calendar called, those bills will be reached during the call of the calendar, in any event; will they not?

Mr. LUCAS. That is correct. If at that time there is objection to the consideration of the bills during the call of the calendar, then, following the call of the calendar, we shall proceed to move to have the Senate consider them.

So far as concerns the conference report on the amendment of the Hatch Act, I am informed that we probably shall take it up tomorrow, because it is desired to get it out of the way by tomorrow, if possible.

Mr. WHERRY. Mr. President, I should like to make a further inquiry of the majority leader. In accordance with the announcements which have been made, it seems that we are building up quite a number of things to do tomorrow and the next day. Of course, the conference report on the bill amending the Hatch Act has priority, in any event, because it is a privileged matter.

Mr. LUCAS. Yes.

Of course, the announcements regarding the possibility of having the Senate consider certain bills tomorrow and the next day are based on the understanding that in the event on those days any Senator desires to engage in further debate on the social security bill, House bill 6000, we shall be delighted to have him do so.

Mr. WHERRY. If I correctly understand the situation, the calendar will not be called in any event until Friday.

Mr. LUCAS. That is correct.

Mr. WHERRY. And that understanding includes both the bill extending the Rubber Act and the bill extending the Selective Service Act, which the Senator has mentioned; does it?

Mr. LUCAS. That is correct.

Mr. WHERRY. I also understand that if there is an opportunity tomorrow to call up the conference report on the amendment of the Hatch Act, it is the intention to have that conference report considered at that time.

Mr. LUCAS. Yes. Of course, it is a privileged matter.

Mr. WHERRY. Of course. There are one or two Senators who would like to be present at the time when that conference report is considered. If for any

reason they cannot arrange to be present at that time, I hope the report will not be taken up then.

EXECUTIVE SESSION

Mr. LUCAS. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

The VICE PRESIDENT. If there are no executive reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

The VICE PRESIDENT. Without objection, the postmaster nominations are confirmed en bloc.

That completes the call of the Executive Calendar.

RECESS

Mr. LUCAS. Mr. President, I now move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 38 minutes p. m.) the Senate took a recess until tomorrow, Thursday, June 15, 1950, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 14 (legislative day of June 7), 1950:

POSTMASTERS

ALABAMA

Virgil W. Head, Cleveland.
Oscar Taylor, Holly Pond.
Otto C. Eppes, Waterloo.

ALASKA

Doris A. Wirsching, Annette.
James E. Evans, Metlakatla.
James M. McLean, Nome.

ARIZONA

Ethel R. Parkhurst, Bowie.

ARKANSAS

Lois C. Feimster, Wilmot.

CALIFORNIA

Adeline M. Johnson, Forest Knolls.
Zita M. Carriere, Glenn.
Pittman L. Davis, Hermosa Beach.
Dorothy A. Abert, Hopland.
William Ray Cox, Inyokern.
Grover A. Deininger, June Lake.
Marie D. Chaffey, Klamath.
Paul E. Geer, Live Oak.
Elmer M. Martin, Montague.
John D. Orchard, Sr., Pacific Grove.
Lillian M. Friedman, Pacoima.
James E. Hawkins, Palermo.
Gertrude C. Bostrom, Pioneer.
Clara A. Conner, Torrance.

COLORADO

John T. Weaver, Fruita.
Glen I. Harshbarger, Victor.

CONNECTICUT

William J. Higgins, New Haven.
Willis J. Gillette, Roxbury.

DELAWARE

Willard Howard Carey, Milton.
William Berl, Jr., Wilmington.

FLORIDA

Ralph E. Phillips, Alachua.
Arthur L. Shaw, Callahan.
Tom M. Braswell, Monticello.
Lottie Stripling, Westville.

GEORGIA

Carl C. Hobbs, Butler.
Robert E. Nelson, Eatonton.
Wilber L. Harris, Jonesboro.
Thomas E. Hicks, Lizella.

IDAHO

Ruby G. Bishop, Bliss.

ILLINOIS

Ray B. Dewhirst, Edinburg.
Robert A. Hanser, Edwardsville.
Martin Glenr. Weger, Flat Rock.
James F. Cahl, Glenwood.
Alvina B. Ensley, Laura.
Mike Kopuster, Livingston.
James Earl Brewer, Makanda.
Thomas J. Price, Jr., Oblong.
Orville W. Hinton, Ramsey.
Rann O. Lackey, Tammis.
Frances M. E. Stueve, Wayne.
Robert W. Fletcher, Wyandot.

INDIANA

Lowell K. Sheese, Bowling Green.
Harry G. Bollinger, Columbia City.
John Francis Dunmire, Elkhart.
Oliver R. Weddle, Hebron.
John D. St. John, Middletown.
Howard S. Zody, Nashville.

IOWA

Fred V. Jacobson, Blencoe.
James M. Townsend, Britt.
Edward Hadden, Churdan.
John W. Miller, Harper.
Eddie C. Wirts, Iowa Falls.
Frederick J. Carolan, Ridgeway.
Merrill R. Williams, Shell Rock.
Edmund C. Maher, Sidney.
Carl M. Hansen, Thornton.

KANSAS

Jack D. Vance, Coldwater.
Mary Charlene Arrington, Haviland.
Muriel M. Metz, Hudson.
George D. Massey, Hugoton.
Floyd C. Swain, Soldier.
Velma R. Crowley, Wilsey.

KENTUCKY

Emily I. Coy, Boston.
Benson G. Leichhardt, Bowling Green.
Clyde V. Moorhead, Brooksville.
Fred M. Lindsey, Crestwood.
William H. Lillard, Crittenden.
Flurry Edward Thomas, Dry Ridge.
Nathan W. Carter, Jr., Fulton.
W. Lewis Horton, Grayson.
Lee C. Ray, Harlan.
Martine S. Hughart, Island.
Raymond L. Pugh, Vanceburg.

LOUISIANA

Lester S. Gonzales, Gonzales.
Earl F. Spencer, Hammond.

MASSACHUSETTS

Patrick J. McAndrews, Adams.
Robert Earle Taylor, Berlin.
Raymond H. Horton, Hadley.
Helen M. Mann, Hampden.
Jacob Greenberg, Manchester.
William J. Houlihan, Tewksbury.

MICHIGAN

Edmund C. Hillen, Alto.
Mildred L. Schmidt, Manitou Beach.
Charles E. Rawson, Marion.
Clarence S. Duby, Menominee.
Harry Shlimsky, New Boston.
George W. Beaudoin, Stephenson.
Basil M. Stanfield, Whitmore Lake.

MINNESOTA

Joseph I. Malerich, Akeley.
Urban F. Grunloh, Avon.
Ellsworth J. Peterson, Chisago City.
Milton L. Paus, Eitzen.
Clayton L. Guthrie, Emmons.
Russell A. Dickey, Loretto.
Roe R. Waterfield, Millaca.
Vivian L. Guse, Withrow.

MISSISSIPPI

William W. Cochran, Merigold.

MISSOURI

Johnny C. Everett, Gower.
Doyle E. Hurley, Livonia.
Jesse Clyde Butler, Macon.
Richard Woodson, Middletown.
Kenneth H. Perry, Noel.

MONTANA

Glen E. Roose, Eureka.
Charles L. Beers, Judith Gap.

NEBRASKA

Byrel M. Lang, Litchfield.
Dora E. Waldo, Nehawka.
Harold J. Camp, Petersburg.
Russel E. Polly, Wauneta.

NEW HAMPSHIRE

Lewis Marshall, North Stratford.

NEW MEXICO

Mable A. Wimberly, Hollywood.

NEW YORK

Hoysratt Porter, Anram.
Robert C. Benedict, Broadalbin.
Clyde L. Nightingale, Byron.
Emma E. Eaton, Cayuta.
Alice C. Jones, Esopus.
Esther M. Bell, Glen Spey.
Pauline E. Clement, Honeoye.
Hubert Brink, Lake Katrine.
John R. Schuyler, Naples.
Harold H. Parker, Perrysburg.
Richard H. Smith, Prattsville.
Ruth E. Watkins, West Lebanon.
Harry Northrup, Wurtsboro.

NORTH CAROLINA

Henry A. Miller, Bayboro.
Hope R. Heath, Cove City.
Zeb Meadows, Franklin.
Leslie P. Gardner, Goldsboro.
Earl S. Holliman, Lake Lure.
Lottie M. J. Buie, Wagram.

NORTH DAKOTA

Clarence A. Nelson, Drake.
Eugene F. Simek, Fullerton.

OKLAHOMA

Howard D. Francis, Blair.
George A. Wilson, Jay.
Willie B. Austin, Locust Grove.
James W. Wheeler, Mangum.
Jack A. Drury, Olustee.
Marie C. Forbes, Ralston.
Roy H. Marlatt, Ringwood.
Ralph O. Farmer, Tyrone.
John W. Nicks, Wetumka.

OREGON

Josephine C. Zadina, Chiloquin.
Lawrence L. Story, Malin.
Lloyd R. Johnson, Moro.
Ray L. Jenkins, Toledo.

SOUTH DAKOTA

John Obenauer, Eureka.
Valno E. Bajuniemi, Lake Norden.
Ralph L. Fossum, Lily.
Delmar J. Hamiel, Reliance.
Ardean A. Twite, Veblen.

TENNESSEE

Clayre Wesley White, Bethpage.
Garland T. Wilson, Cottagegrove.
R. Ray Tate, Estill Springs.

TEXAS

Charles V. Speer, Carrizo Springs.
Mary D. Maxwell, Country Campus.
Billy B. Holland, Estelline.
Edna B. Smith, La Vernia.
Miriam S. Chatelle, Los Fresnos.
Mittle L. Taylor, New Willard.
Prentice F. Vance, Orangefield.
Guy H. Holman, Pittsburg.
Ellen C. Woodruff, Port Aransas.
Celestia Dodson, Sandia.

VERMONT

Robert F. Brown, Groton.

VIRGINIA

James R. Jones, Holland.
Mary R. J. Sizemore, Hurley.
Carl S. Hendricks, Lebanon.

WASHINGTON

Margaret Hedrick, Creston.
Earl C. Carey, Hartline.
Florence Opal Hurl, Malden.
Nels D. Nelson, Naselle.
Donald M. Richardson, Tonasket.

WEST VIRGINIA

Paul M. Satterfield, Carolina.
Helen M. B. Joyce, Crumpler.
Pansy Lee Seacrist, Montcoal.
Johnny A. Aliff, Oceana.
Junior Lee Gerrard, Wolf Summit.

SENATE

THURSDAY, JUNE 15, 1950

(Legislative day of Wednesday, June 7, 1950)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal Spirit, in the creative faith by which we really live we would bow at the altar of prayer so that even before we speak we may listen. The very justice and social welfare we are here as public servants to preserve, promote, and to protect, is rooted and grounded in Thy sovereignty. Against the debasing idolatry of the police state which, instead of shrines of prayer, rears prisons of the mind and heart, we have pledged our all. Even as with the sword of our material might we face the forces of evil rampant in the world today, we know that more vital than earthly armament, if we are to be the instruments of Thy purpose, is the putting on of the whole armor of God; for only as we fight in that shining mail can we be among the peacemakers who are called the children of God.

Keep us steadfast with the shield of Thy truth against which all the spears of hate cannot ultimately prevail. In the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. McFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 14, 1950, was dispensed with.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 5920. An act to provide for payment of amounts due mentally incompetent personnel of the Army, Navy, Air Force, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service; and

H. R. 6743. An act to amend the Federal Home Loan Bank Act, as amended, and title IV of the National Housing Act, as amended, and for other purposes.

LEAVES OF ABSENCE

On request of Mr. McFARLAND, and by unanimous consent, Mr. MAGNUSON was

excused from attendance on the sessions of the Senate for an indefinite period.

On request of Mr. WHERRY, and by unanimous consent, Mr. CAPEHART was excused from attendance on the session of the Senate tomorrow.

On his own request, and by unanimous consent, Mr. GEORGE was excused from attendance on the sessions of the Senate until Monday.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. GEORGE, and by unanimous consent, the Committee on Foreign Relations was authorized to meet this afternoon during the session of the Senate.

REFERENCE OF RESOLUTION CALLING FOR INVESTIGATION OF THE HANDLING OF THE AMERASIA CASE BY THE DEPARTMENT OF JUSTICE

Mr. McFARLAND. Mr. President, I am about to suggest the absence of a quorum.

Mr. WHERRY. Mr. President, will the Senator yield before he makes the suggestion?

Mr. McFARLAND. I yield.

Mr. WHERRY. Mr. President, I wonder if the distinguished Vice President would like to express an opinion on the referral of the resolution (S. Res. 295) submitted by the Senator from Indiana [Mr. CAPEHART].

The VICE PRESIDENT. The Chair has already expressed his intentions. If the Senator wishes the Chair to do it again, he will be glad to do so. The Chair advised the Senator from Indiana yesterday that he hoped he would be able to reach a conclusion today. The Chair is not certain that he can, but he will say definitely that if he does not reach a conclusion today, he will reach one on Monday. The Chair will not be here tomorrow.

Mr. WHERRY. I should like to say that the distinguished Senator from Indiana would like to be excused tomorrow. I understand his son is to be married, and, of course, that is a good reason for being excused.

The VICE PRESIDENT. The Chair always sympathizes with ceremonies of that kind.

Mr. WHERRY. So do I. I wish to thank the distinguished Vice President.

SENATE LOYALTY INVESTIGATION—CARTOON

Mr. McMAHON. Mr. President, will the Senator from Arizona withhold his suggestion of the absence of a quorum?

Mr. McFARLAND. Yes.

Mr. McMAHON. I should like to call the attention of the minority leader to the cartoon which appears on the first page of today's Evening Star. It shows an open door labeled: "Senate Foreign Relations Subcommittee on Loyalty. M. TYDINGS, chairman." On the doorknob hangs a placard: "Now playing: the Amerasia case." The Senator from Maryland [Mr. TYDINGS] is pictured as saying, "But I have not given a report as yet." The Senator from Indiana [Mr. CAPEHART] is shown as saying, "But we definitely disagree with whatever report you are going to give."